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Company Registration No. 04288208 (England and Wales)

**ALTEDGE CAPITAL (UK) LIMITED**  
**FORMERLY KNOWN AS EA CAPITAL (UK) LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2003**



**ALTEDGE CAPITAL (UK) LIMITED**  
**FORMERLY KNOWN AS EA CAPITAL (UK) LIMITED**  
**COMPANY INFORMATION**

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|                          |  |
|--------------------------|--|
| <b>Directors</b>         | C Goekjian<br>C Habib<br>X Himmer<br>S B Rumball                             |
| <b>Secretary</b>         | SLC Registrars Limited   |
| <b>Company number</b>    | 04288208   |
| <b>Registered office</b> | 42-46 High street<br>Esher<br>Surrey<br>KT10 9QY                             |
| <b>Auditors</b>          | MRI Moores Rowland LLP<br>3 Sheldon Square<br>Paddington<br>London<br>W2 6PS |

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**ALTEDGE CAPITAL (UK) LIMITED**  
**FORMERLY KNOWN AS EA CAPITAL (UK) LIMITED**  
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**ALTEDGE CAPITAL (UK) LIMITED**  
**FORMERLY KNOWN AS EA CAPITAL (UK) LIMITED**  
**DIRECTORS' REPORT**  
***FOR THE YEAR ENDED 31 DECEMBER 2003***

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The directors present their report and the audited financial statements of the company for the year ended 31 December 2003.

**Principal activities and review of the business**

The principal activity of the company is that of investment management company. The company is regulated by the Financial Services Authority.

On the 9 April 2003 a resolution was passed changing the company's name from EA Capital (UK) Limited to Altedge Capital (UK) Limited.

**Results and dividends**

The results for the year are set out on page 5.

**Directors**

The following directors have held office during the period and up to the date of these financial statements:

C Goekjian  
C Habib  
X Himmer  
S B Rumball

**Directors' interests**

None of the directors had any interest in the share capital of the company during the period.

**Auditors**

MRI Moores Rowland LLP were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

**ALTEDGE CAPITAL (UK) LIMITED**  
**FORMERLY KNOWN AS EA CAPITAL (UK) LIMITED**  
**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2003**

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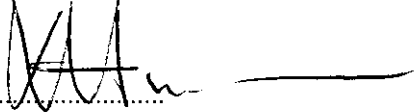
**Statement of director's responsibilities**

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 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.

On behalf of the board



X Himmer

Director

30/3/04

**ALTEDGE CAPITAL (UK) LIMITED  
FORMERLY KNOWN AS EA CAPITAL (UK) LIMITED  
INDEPENDENT AUDITORS' REPORT  
TO THE SHAREHOLDERS OF ALTEDGE CAPITAL (UK) LIMITED**

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We have audited the financial statements of Altedge Capital (UK) Limited on pages 5 to 14 for the year ended 31 December 2003. 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 the directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and 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 issued by the Auditing Practices Board. This report, including the opinion has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. 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 to whose hands it may come save where expressly agreed by our prior consent in writing.

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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

**Basis of audit 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.

**ALTEDGE CAPITAL (UK) LIMITED  
FORMERLY KNOWN AS EA CAPITAL (UK) LIMITED  
INDEPENDENT AUDITORS' REPORT (CONTINUED)  
TO THE SHAREHOLDERS OF ALTEDGE CAPITAL (UK) LIMITED**

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**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 loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*MRI Moores Rowland LLP*

**MRI Moores Rowland LLP**

*31/3/04*

Chartered Accountants  
**Registered Auditor**

3 Sheldon Square  
Paddington  
London  
W2 6PS

**ALTEDGE CAPITAL (UK) LIMITED**  
**FORMERLY KNOWN AS EA CAPITAL (UK) LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2003**

|  |           | Year<br>ended<br>31 December<br>2003<br>£ | Period from<br>17 September<br>2001 to<br>31 December<br>2002<br>£ |
|--|-----------|---|--|
|  | Notes     |   |  |
| <b>Turnover</b>  | <b>2</b>  | 175,728                                   | 881,727  |
| Administrative expenses                                |           | (620,222)                                 | (1,185,628)  |
| Other operating income                                 |           | 83,400                                    | 37,800   |
|  |           | .....                                     | .....  |
| <b>Operating loss</b>                                  | <b>3</b>  | (361,094)                                 | (266,101)  |
| Other interest receivable and similar<br>income        | <b>4</b>  | 6,284                                     | -  |
| Interest payable and similar charges                   | <b>5</b>  | -   | (8)  |
|  |           | .....                                     | .....  |
| <b>Loss on ordinary activities before<br/>taxation</b> |           | (354,810)                                 | (266,109)  |
| Tax on loss on ordinary activities                     | <b>6</b>  | -   | -  |
|  |           | .....                                     | .....  |
| <b>Loss on ordinary activities after<br/>taxation</b>  | <b>12</b> | (354,810)                                 | (266,109)  |
|  |           | .....                                     | .....  |

The profit and loss account has been prepared on the basis that all operations are continuing operations.

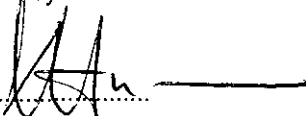
There are no recognised gains and losses other than those passing through the profit and loss account.



**ALTEDGE CAPITAL (UK) LIMITED**  
**FORMERLY KNOWN AS EA CAPITAL (UK) LIMITED**  
**BALANCE SHEET**  
**AS AT 31 DECEMBER 2003**

|   | Notes | 2003<br>£ | £       | 2002<br>£ | £       |
|---|-------|-----------|---------|-----------|---------|
| <b>Fixed assets</b>                                   |       |           |         |           |         |
| Tangible assets                                       | 7     |           | 59,699  |           | 94,538  |
| <b>Current assets</b>                                 |       |           |         |           |         |
| Debtors   | 8     | 220,578   |         | 180,326   |         |
| Cash at bank and in hand                              |       | 154,752   |         | 546,829   |         |
|   |       | .....     |         | .....     |         |
|   |       | 375,330   |         | 727,155   |         |
| <b>Creditors: amounts falling due within one year</b> | 9     | (55,948)  |         | (187,802) |         |
|   |       | .....     |         | .....     |         |
| <b>Net current assets</b>                             |       |           | 319,382 |           | 539,353 |
|   |       |           | .....   |           | .....   |
| <b>Total assets less current liabilities</b>          |       |           | 379,081 |           | 633,891 |
|   |       |           | .....   |           | .....   |
| <b>Capital and reserves</b>                           |       |           |         |           |         |
| Called up share capital                               | 11    | 1,000,000 |         | 900,000   |         |
| Profit and loss account                               | 12    | (620,919) |         | (266,109) |         |
|   |       | .....     |         | .....     |         |
| <b>Shareholders' funds</b>                            | 13    | 379,081   |         | 633,891   |         |
|   |       | .....     |         | .....     |         |
| Equity interests                                      |       | (570,919) |         | (216,109) |         |
| Non-equity interests                                  |       | 950,000   |         | 850,000   |         |
|   |       | .....     |         | .....     |         |
|   |       | 379,081   |         | 633,891   |         |
|   |       | .....     |         | .....     |         |

The financial statements were approved by the board of directors on 30 November 2004 and were signed on its behalf by

  
 .....  
 X Himmer  
 Director

**ALTEDGE CAPITAL (UK) LIMITED**  
**FORMERLY KNOWN AS EA CAPITAL (UK) LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2003**

|  | £       | 2003<br>£ | £         | 2002<br>£ |
|--|---------|-----------|-----------|-----------|
| <b>Net cash outflow from operating activities</b>                                    |         | (523,737) |           | (222,400) |
| <b>Returns on investments and servicing of finance</b>                               |         |           |           |           |
| Interest received  | 6,284   |           | -         |           |
| Interest paid  | -       |           | (8)       |           |
|  | .....   |           | .....     |           |
| <b>Net cash inflow/(outflow) for returns on investments and servicing of finance</b> |         | 6,284     |           | (8)       |
| <b>Capital expenditure</b>   |         |           |           |           |
| Payments to acquire tangible assets  | (1,739) |           | (134,327) |           |
| Receipts from sales of tangible assets   | -       |           | 3,564     |           |
|  | .....   |           | .....     |           |
| <b>Net cash outflow for capital expenditure</b>                                      |         | (1,739)   |           | (130,763) |
|  |         | .....     |           | .....     |
| <b>Net cash outflow before management of liquid resources and financing</b>          |         | (519,192) |           | (353,171) |
| <b>Financing</b>   |         |           |           |           |
| Issue of ordinary share capital  | -       |           | 50,000    |           |
| Issue of preference share capital  | 100,000 |           | 850,000   |           |
|  | .....   |           | .....     |           |
| Issue of shares  | 100,000 |           | 900,000   |           |
|  | .....   |           | .....     |           |
| <b>Decrease in debt</b>  | -       |           | -         |           |
|  | .....   |           | .....     |           |
| <b>Net cash inflow from financing</b>  |         | 100,000   |           | 900,000   |
|  |         | .....     |           | .....     |
| <b>(Decrease)/increase in cash in the year</b>                                       |         | (419,192) |           | 546,829   |
|  |         | .....     |           | .....     |

**ALTEDGE CAPITAL (UK) LIMITED**  
**FORMERLY KNOWN AS EA CAPITAL (UK) LIMITED**  
**NOTES TO THE CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2003**

| <b>1</b> | <b>Reconciliation of operating loss to net cash outflow from operating activities</b> | <b>2003</b>      | <b>2002</b>      |
|----------|---|------------------|------------------|
|          |   | <b>£</b>         | <b>£</b>         |
|          | Operating loss  | (361,094)        | (266,101)        |
|          | Depreciation of tangible assets   | 36,578           | 36,225           |
|          | Increase in debtors   | (40,252)         | (180,326)        |
|          | (Decrease)/Increase in creditors within one year                                      | (158,969)        | 187,802          |
|          |   | .....            | .....            |
|          | <b>Net cash outflow from operating activities</b>                                     | <b>(523,737)</b> | <b>(222,400)</b> |
|          |   | .....            | .....            |

| <b>2</b> | <b>Analysis of net funds</b> | <b>1 January 2003</b> | <b>Cash flow</b> | <b>Other non-cash changes</b> | <b>31 December 2003</b> |
|----------|------------------------------|-----------------------|------------------|-------------------------------|-------------------------|
|          |                              | <b>£</b>              | <b>£</b>         | <b>£</b>                      | <b>£</b>                |
|          | Net cash:                    |                       |                  |                               |                         |
|          | Cash at bank and in hand     | 546,829               | (392,077)        | -                             | 154,752                 |
|          | Bank overdrafts              | -                     | (27,115)         | -                             | (27,115)                |
|          |                              | .....                 | .....            | .....                         | .....                   |
|          |                              | 546,829               | (419,192)        | -                             | 127,637                 |
|          |                              | .....                 | .....            | .....                         | .....                   |
|          | <b>Net funds</b>             | <b>546,829</b>        | <b>(419,192)</b> | <b>-</b>                      | <b>127,637</b>          |
|          |                              | .....                 | .....            | .....                         | .....                   |

| <b>3</b> | <b>Reconciliation of net cash flow to movement in net funds</b> | <b>2003</b>      | <b>2002</b>    |
|----------|---|------------------|----------------|
|          |   | <b>£</b>         | <b>£</b>       |
|          | (Decrease)/increase in cash in the year                         | (419,192)        | 546,829        |
|          |   | .....            | .....          |
|          | <b>Movement in net funds in the year</b>                        | <b>(419,192)</b> | <b>546,829</b> |
|          | Opening net funds   | 546,829          | -              |
|          |   | .....            | .....          |
|          | <b>Closing net funds</b>  | <b>127,637</b>   | <b>546,829</b> |
|          |   | .....            | .....          |

**ALTEDGE CAPITAL (UK) LIMITED**  
**FORMERLY KNOWN AS EA CAPITAL (UK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2003**

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**1 Accounting policies**

**1.1 Accounting convention**

The financial statements are prepared under the historical cost convention, the accounting policies set out below and in accordance with the applicable accounting standards.

**1.2 Turnover**

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

**1.3 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

|                                |                               |
|--------------------------------|-------------------------------|
| Computer & technical equipment | - 33% per annum straight line |
| Fixtures, fittings & equipment | - 25% per annum straight line |
| Software                       | - 25% per annum straight line |

**1.4 Leasing**

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

**1.5 Pensions**

The pension costs charged in the financial statements represent the contributions payable by the company during the year.

**1.6 Deferred taxation**

The accounting policy in respect of deferred tax reflects the requirements of FRS19 - Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

**1.7 Foreign currency translation**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

**1.8 Cash and liquid resources**

Cash includes cash in hand and deposits repayable on demand with any qualifying institution, less overdrafts from any qualifying financial institution repayable on demand. Liquid resources includes other current assets not included in cash.

**2 Turnover**

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

**ALTEDGE CAPITAL (UK) LIMITED**  
**FORMERLY KNOWN AS EA CAPITAL (UK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2003**

|          |   |             |             |
|----------|---|-------------|-------------|
| <b>3</b> | <b>Operating loss</b>   | <b>2003</b> | <b>2002</b> |
|          |   | <b>£</b>    | <b>£</b>    |
|          | Operating loss is stated after charging:  |             |             |
|          | Depreciation of tangible assets   | 36,578      | 36,225      |
|          | Loss on foreign exchange transactions   | 1,710       | 2,726       |
|          | Operating lease rentals   | 106,072     | 123,910     |
|          | Auditors' remuneration  | 7,000       | 10,500      |
|          | Remuneration of auditors for non-audit work   | 32,605      | 67,656      |
|          |   | .....       | .....       |
| <b>4</b> | <b>Investment income</b>  | <b>2003</b> | <b>2002</b> |
|          |   | <b>£</b>    | <b>£</b>    |
|          | Bank interest   | 4,382       | -           |
|          | Other interest  | 1,902       | -           |
|          |   | .....       | .....       |
|          |   | 6,284       | -           |
|          |   | .....       | .....       |
| <b>5</b> | <b>Interest payable</b>   | <b>2003</b> | <b>2002</b> |
|          |   | <b>£</b>    | <b>£</b>    |
|          | On bank loans and overdrafts  | -           | 8           |
|          |   | .....       | .....       |
| <b>6</b> | <b>Taxation</b>   |             |             |
|          | <b>Current tax charge</b>   | -           | -           |
|          |   | .....       | .....       |
|          |   | -           | -           |
|          |   | .....       | .....       |
|          | <b>Factors affecting the tax charge for the year</b>  |             |             |
|          | Loss on ordinary activities before taxation   | (354,810)   | (266,109)   |
|          |   | .....       | .....       |
|          | Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30%. | (106,443)   | (79,833)    |
|          |   | .....       | .....       |
|          | Effects of:   |             |             |
|          | Disallowed expenses and non-taxable income  | 11,144      | 3,617       |
|          | Deferred tax asset on trading losses not recognised   | 95,299      | 76,216      |
|          |   | .....       | .....       |
|          |   | 106,443     | 79,833      |
|          |   | .....       | .....       |
|          | <b>Current tax charge</b>   | -           | -           |
|          |   | .....       | .....       |

**ALTEDGE CAPITAL (UK) LIMITED**  
**FORMERLY KNOWN AS EA CAPITAL (UK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2003**

**7 Tangible fixed assets**

|                       | Computer &<br>technical<br>equipment<br>£ | Fixtures,<br>fittings &<br>equipment<br>£ | Software<br>£ | Total<br>£ |
|-----------------------|---|---|---------------|------------|
| <b>Cost</b>           |   |   |               |            |
| At 1 January 2003     | 45,341                                    | 67,602                                    | 17,820        | 130,763    |
| Additions             | 873                                       | 866                                       | -             | 1,739      |
|                       | .....                                     | .....                                     | .....         | .....      |
| At 31 December 2003   | 46,214                                    | 68,468                                    | 17,820        | 132,502    |
|                       | .....                                     | .....                                     | .....         | .....      |
| <b>Depreciation</b>   |   |   |               |            |
| At 1 January 2003     | 14,615                                    | 17,526                                    | 4,084         | 36,225     |
| Charge for the year   | 15,122                                    | 17,001                                    | 4,455         | 36,578     |
|                       | .....                                     | .....                                     | .....         | .....      |
| At 31 December 2003   | 29,737                                    | 34,527                                    | 8,539         | 72,803     |
|                       | .....                                     | .....                                     | .....         | .....      |
| <b>Net book value</b> |   |   |               |            |
| At 31 December 2003   | 16,477                                    | 33,941                                    | 9,281         | 59,699     |
|                       | .....                                     | .....                                     | .....         | .....      |
| At 31 December 2002   | 30,726                                    | 50,076                                    | 13,736        | 94,538     |
|                       | .....                                     | .....                                     | .....         | .....      |

**8 Debtors**

|                                | 2003<br>£ | 2002<br>£ |
|--------------------------------|-----------|-----------|
| Trade debtors                  | 11,304    | -         |
| Other debtors                  | 102,683   | 122,845   |
| Prepayments and accrued income | 106,591   | 57,481    |
|                                | .....     | .....     |
|                                | 220,578   | 180,326   |
|                                | .....     | .....     |

**9 Creditors: amounts falling due within one year**

|                                    | 2003<br>£ | 2002<br>£ |
|------------------------------------|-----------|-----------|
| Bank loans and overdrafts          | 27,115    | -         |
| Trade creditors                    | 8,964     | 28,633    |
| Amounts owed to group undertakings | 3,122     | 60,371    |
| Taxes and social security costs    | 5,696     | 15,466    |
| Other creditors                    | 4,051     | -         |
| Accruals and deferred income       | 7,000     | 83,332    |
|                                    | .....     | .....     |
|                                    | 55,948    | 187,802   |
|                                    | .....     | .....     |

**ALTEDGE CAPITAL (UK) LIMITED**  
**FORMERLY KNOWN AS EA CAPITAL (UK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2003**

**10 Pension costs**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

|   | 2003<br>£      | 2002<br>£    |
|---|----------------|--------------|
| Contributions payable by the company for the year | 6,070<br>..... | 534<br>..... |

**11 Share capital**

|  | 2003<br>£          | 2002<br>£          |
|--|--------------------|--------------------|
| <b>Authorised</b>  |                    |                    |
| 1,000,000 Ordinary shares of £1 each                             | 1,000,000          | 1,000,000          |
| 1,000,000 Redeemable Non-Cumulative Preference shares of £1 each | 1,000,000<br>..... | 1,000,000<br>..... |
|  | 2,000,000<br>..... | 2,000,000<br>..... |
| <b>Allotted, called up and fully paid</b>                        |                    |                    |
| 50,000 Ordinary shares of £1 each                                | 50,000             | 50,000             |
| 950,000 Redeemable Non-Cumulative Preference shares of £1 each   | 950,000<br>.....   | 850,000<br>.....   |
|  | 1,000,000<br>..... | 900,000<br>.....   |

The following share issue took place during the year-

On 18 June 2003 100,000 Redeemable Non Cumulative Preference shares of £1 each was issued at par for cash.

Redeemable Non Cumulative Preference shares do not carry any right to vote except at a separate class meeting of the Preference Shareholders. The Preference shares carry a non-cumulative dividend of 5% per annum of their nominal value. The Preference shares are redeemable at par value at the option of the company at any time subject to prior written approval from the Financial Services Authority and that the redemption does not place the company in breach of their financial resources.

**ALTEDGE CAPITAL (UK) LIMITED**  
**FORMERLY KNOWN AS EA CAPITAL (UK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2003**

**12 Reserves**

|                             | Profit and<br>loss<br>account<br>£ |
|-----------------------------|------------------------------------|
| Balance at 1 January 2003   | (266,109)                          |
| Retained loss for the year  | (354,810)                          |
|                             | .....                              |
| Balance at 31 December 2003 | (620,919)                          |
|                             | .....                              |

**13 Reconciliation of movements in shareholders' funds**

|  | 2003<br>£ | 2002<br>£ |
|--|-----------|-----------|
| Loss for the financial year                        | (354,810) | (266,109) |
| Proceeds from issue of shares                      | 100,000   | 900,000   |
|  | .....     | .....     |
| Net (depletion in)/addition to shareholders' funds | (254,810) | 633,891   |
| Opening shareholders' funds                        | 633,891   | -         |
|  | .....     | .....     |
| Closing shareholders' funds                        | 379,081   | 633,891   |
|  | .....     | .....     |

**14 Financial commitments**

At 31 December 2003 the company had annual commitments under non-cancellable operating leases as follows:

|                    | Land and buildings<br>2003<br>£ | 2002<br>£ |
|--------------------|---------------------------------|-----------|
| Expiry date:       |                                 |           |
| Within one year    | 96,188                          | -         |
| In over five years | -                               | 96,188    |
|                    | .....                           | .....     |
|                    | 96,188                          | 96,188    |
|                    | .....                           | .....     |

**15 Directors' emoluments**

|   | 2003<br>£ | 2002<br>£ |
|---|-----------|-----------|
| Emoluments for qualifying services                      | 162,163   | 204,500   |
| Company pension contributions to money purchase schemes | 6,070     | 534       |
|   | .....     | .....     |
|   | 168,233   | 205,034   |
|   | .....     | .....     |



**ALTEDGE CAPITAL (UK) LIMITED**  
**FORMERLY KNOWN AS EA CAPITAL (UK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2003**

**16 Employees**

**Number of employees**

The average monthly number of employees (including directors) during the year was:

|                               | 2003<br>Number | 2002<br>Number |
|-------------------------------|----------------|----------------|
| Directors                     | 3              | 3              |
| Admin                         | 1              | 1              |
| Traders and research analysts | -              | 2              |
|                               | .....          | .....          |
|                               | 4              | 6              |
|                               | .....          | .....          |

**Employment costs**

|                       | £       | £       |
|-----------------------|---------|---------|
| Wages and salaries    | 268,547 | 541,659 |
| Social security costs | 7,041   | 59,754  |
| Other pension costs   | 6,070   | 534     |
|                       | .....   | .....   |
|                       | 281,658 | 601,947 |
|                       | .....   | .....   |

**17 Ultimate parent undertaking**

The company's ultimate parent undertaking is Altedge Capital Management Limited (formerly EA Capital Management Limited), a company incorporated in the Bahamas.

The ultimate controlling party is considered to be C Goekjian, the majority shareholder of Altedge Capital Management Limited (formerly EA Capital Management Limited).

**18 Related party transactions**

During the year the company invoiced Altedge Capital Management Limited for £175,728 (2002: £881,727) in respect of management fees. At 31 December 2003 an amount of £3,122 (2002: £60,371) was due to Altedge Capital Management Limited by Altedge Capital (UK) Limited. This amount is interest free and repayable on demand.

During the year an amount of £50,400 (2002: £37,800) was received in respect of rent from S B Rumball, a director of the company.