M Winkworth & Co (Holdings) Limited

REPORT AND FINANCIAL STATEMENTS

31 December 2003

Company Registration Number: 1189557

M Winkworth & Co (Holdings) Limited
DIRECTORS AND OFFICERS

DIRECTORS

S Agace
I Ho-Terry

SECRETARY

T Tan

REGISTERED OFFICE

118a Kensington Church Street
London
W8 4BH

AUDITORS

Baker Tilly
Registered Auditor
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

.M Winkworth & Co (Holdings) Limited
DIRECTORS' REPORT

The directors submit their report and the financial statements of M Winkworth & Co (Holdings) Limited for the year ended 31 December 2003.

PRINCIPAL ACTIVITIES

The company acts as the UK holding company for the group.

REVIEW OF THE BUSINESS

All dividends received have been paid on to the shareholders.

DIVIDENDS

The directors paid a dividend on the ordinary share of £66,000 (2002: £80,000).

DIRECTORS

The following directors have held office since 1 January 2003.

S Agace
I Ho -Terry

DIRECTORS' INTERESTS IN SHARES

	Ordinary share holdings	
	31 December 2003	1 December 2002
S Agace (held as nominee)	1	1
I Ho –Terry	-	-

AUDITORS

A resolution to re-appoint Baker Tilly, Chartered Accountants, as auditors will be put to the members at the annual general meeting.

By order of the board

Thomas Li Tan

T Tan

Secretary

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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:

a. select suitable accounting policies and then apply them consistently;

b. make judgements and estimates that are reasonable and prudent;

c. 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 requirements of 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 or other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF M WINKWORTH & CO (HOLDINGS) LIMITED

We have audited the financial statements on pages 5 to 11.

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

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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 the company's affairs at 31 December 2003 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Baker Tilly

BAKER TILLY

Registered Auditor

Chartered Accountants

2 Bloomsbury Street

London WC1B 3ST

25/04/05

.M Winkworth & Co (Holdings) Limited
PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2003

	Notes	2003 £	2002 £
TURNOVER		-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses		-	-
OPERATING PROFIT		-	-
Investment income	1	66,000	80,000
Interest payable		-	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		66,000	80,000
Taxation	2	-	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		66,000	80,000
Dividends	3	(66,000)	(80,000)
RETAINED PROFIT FOR THE YEAR	7	-	-

The operating profit for the year arises from the company's continuing operations.

No separate statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account.

.M Winkworth & Co (Holdings) Limited
BALANCE SHEET
31 December 2003

	Notes	2003 £	2002 £
FIXED ASSETS			
Investments	4	1	1
CURRENT ASSETS			
Debtors	5	319,700	319,700
		319,700	319,700
CREDITORS: Amounts falling due within one year		-	-
NET CURRENT ASSETS		319,700	319,700
TOTAL ASSETS LESS CURRENT LIABILITIES		319,701	319,701
CAPITAL AND RESERVES			
Called up share capital	6	100	100
Profit and loss account	7	319,601	319,601
SHAREHOLDERS' FUNDS	8	319,701	319,701

Approved by the board on 20 APRIL 2005

S Agace Director

.M Winkworth & Co (Holdings) Limited
CASH FLOW STATEMENT
For the year ended 31 December 2003

	Notes	2003 £	2002 £
Cash flow from operating activities	9a	-	-
Returns on investments and servicing of finance	9b	66,000	80,000
Taxation		-	-
Capital expenditure and servicing of finance	9b	-	(110,636)
Equity dividends paid		(66,000)	(80,000)
Financing		-	-
DECREASE IN CASH IN THE PERIOD		-	(110,636)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2003 £	2002 £
Decrease in cash in the period	-	(110,636)
Finance leases transferred to subsidiary	-	27,981
MOVEMENT IN NET DEBT IN THE YEAR	-	(82,655)
NET FUNDS AT 1 JANUARY 2003	-	82,655
NET FUNDS AT 31 DECEMBER 2003	-	-

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention.

GOODWILL

Goodwill representing the excess of the purchase price compared with the fair value of net assets acquired is capitalised and written off evenly over 20 years as in the opinion of the directors this represents the period over which the goodwill is effective.

TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost.

Depreciation is provided on all tangible fixed assets calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Equipment	-	33.33% reducing balance
Fixtures and fittings	-	15% reducing balance

INVESTMENTS

Long term investments are described as participating interests and are classified as fixed assets. Short term investments are classified as current assets.

Participating interests and unlisted investments are stated at cost in the company balance sheet.

Provision is made for any impairment in the value of fixed asset investments.

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

		2003	2002
1	INVESTMENT INCOME	£	£
	Dividends receivable	-	80,000

		2003	2002
2	TAXATION	£	£
	Current tax:		
	UK corporation tax on profits of the period	-	-

	2003	2002
Factors affecting tax charge for period:	£	£
The tax assessed for the period is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below:		
Profit on ordinary activities before tax	66,000	80,000
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 30%	19,800	24,000
Effect of:		
Expenses not deductible for tax purposes/income tax deductible	(19,800)	(24,000)
Tax charge for period	-	-

		2003	2002
3	DIVIDENDS	£	£
	Ordinary:		
	Interim paid: £660 per share (2002: £800)	66,000	80,000

		Shares in participating interests	Shares in group undertakings	Total
4	FIXED ASSETS INVESTMENTS	£	£	£
	Cost and net book value:			
	1 January 2003 and 31 December 2003	-	1	1

The accounts present information about the company as an individual undertaking and not about its group, as the company has taken advantage of the exemption provided by section 248 of the Companies Act 1985 not to prepare group accounts.

		2003	2002
5	DEBTORS	£	£
	Due within one year:		
	Amounts due from group undertakings	319,700	319,700

		2003	2002
6	SHARE CAPITAL	£	£
	Authorised:		
	100 ordinary shares of £1 each	100	100
	Allotted, issued and fully paid:		
	100 ordinary shares of £1 each	100	100

		2003	2002
7	PROFIT AND LOSS ACCOUNT	£	£
	1 January 2003 and 31 December 2003	319,601	319,601

		2003	2002
8	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	£	£
	Profit for the financial year	66,000	80,000
	Dividends	(66,000)	(80,000)
	Net addition to shareholders' funds	-	-
	Opening shareholders' funds	319,701	319,701
	Closing shareholders' funds	319,701	319,701

		2003	2002
9	CASH FLOWS	£	£
a	Reconciliation of operating profit to net cash inflow from operating activities		
	Operating profit	-	-
	Net cash flow from operating activities	-	-

		2003	2002
		£	£
b	Analysis of cash flows for headings netted in the cash flow		
	Returns on investments and servicing of finance		
	Dividends receivable from subsidiary	66,000	80,000
	Net cash inflow from returns on investments and servicing of finance	66,000	80,000
	Capital expenditure and financial investment		
	Transfer of cash to subsidiary	-	(110,636)
	Net cash (outflow)/inflow from capital expenditure and financial investment	-	(110,636)

9 CASH FLOWS (*continued*)

c Analysis of net debt

	At 1 January 2003	Cash flow	At 31 December 2003
	£	£	£
Cash in hand, at bank	-	-	-

10 ULTIMATE HOLDING COMPANY

The ultimate holding company is Merchant Charter Limited, a company incorporated in the British Virgin Islands.

The directors consider that the ultimate controlling party is Mr Phillipe Georges Meyer.