

Company number: 2606848

KILDA INVESTMENTS LIMITED

DIRECTOR'S REPORT AND

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2003



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KILDA INVESTMENTS LIMITED**Director**

A.S. Bromovsky

Secretary and Registered Office

Cornhill Secretaries Limited,
St. Paul's House, Warwick Lane, London EC4P 4BN.

Accountants

Moore Stephens,
St. Paul's House, Warwick Lane, London EC4P 4BN.

REPORT OF THE DIRECTOR

The director presents his report and financial statements for the year ended 31 March 2003.

Principal Activities

The principal activity of the company is the provision of finance advisory services in Europe.

Review of Business and Future Developments

The company undertook a new mandate in the year and the income from this covered the overheads of the business and the loss for the previous year. One or two other projects are currently being developed which should produce other income in future years, although this is not certain.

Results and Dividends

The profit for the year amounted to £18,239 (2002: Loss £40,848) which is taken to reserves. The director is unable to recommend the payment of a dividend.

Director

Mr. A.S. Bromovsky was the sole director who held office during the year ended 31 March 2003.

Director's Interests

Mr. A.S. Bromovsky had no direct interest in the shares of Kilda Investments Limited during the year ended 31 March 2003.

KILDA INVESTMENTS LIMITED
REPORT OF THE DIRECTOR (cont'd)

Statement of Director's Responsibilities

Company law requires the director 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 year. In preparing those financial statements, the director is required to:

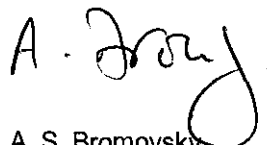
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

Small Company Exemption

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

By Order of the Board

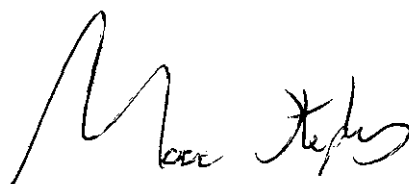
A handwritten signature in dark ink, appearing to read 'A. S. Bromovsky', with a large, stylized flourish at the end.

A. S. Bromovsky
Director

**ACCOUNTANTS' REPORT TO THE DIRECTOR ON
THE UNAUDITED FINANCIAL STATEMENTS OF
KILDA INVESTMENTS LIMITED**

As described on the balance sheet you are responsible for the preparation of the accounts for the year ended 31 March 2003, set out on pages 4 to 9, and you consider that the company is exempt from an audit under the Companies Act 1985. In accordance with your instructions, we have compiled these unaudited accounts, in order to assist you to fulfil your statutory responsibilities, from the accounting records and information and explanations supplied to us.

St. Paul's House
Warwick Lane
London EC4P 4BN



MOORE STEPHENS
Chartered Accountants

Date: 28 January 2004

KILDA INVESTMENTS LIMITED

Profit and Loss Account
for the year ended 31 March 2003

	Note	Year ended 31 March 2003 £	Year ended 31 March 2002 £
Turnover	1(b)	41,229	4,620
Cost of Sales		-	-
Gross profit		41,229	4,620
Administrative expenses		(22,990)	(20,820)
Operating profit/(loss)		18,239	(16,200)
Interest payable and similar charges	2	-	(1,257)
Profit/(loss) on ordinary activities before taxation	3	18,239	(17,457)
Taxation on profit/(loss) on ordinary activities	4	-	-
Profit/(loss) on ordinary activities after taxation		18,239	(17,457)
Amounts written off investments		-	(23,391)
		18,239	(40,848)
Accumulated losses brought forward		(482,649)	(441,801)
Accumulated losses carried forward		£(464,410)	£(482,649)

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

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

KILDA INVESTMENTS LIMITED

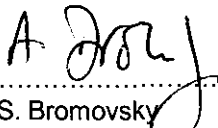
Balance Sheet at 31 March 2003

	Note	31 March 2003		31 March 2002	
		£	£	£	£
Fixed assets					
Tangible assets	5		1,059		2,634
Current assets					
Investment	6	40,500		40,500	
Debtors	7	257		1,500	Cash at bank
		35,647		119	
		<hr/>		<hr/>	
		76,404		42,119	
Creditors: amounts falling due within one year	8	(99,985)		(85,514)	
		<hr/>		<hr/>	
Net current liabilities			(23,581)		(43,395)
			<hr/>		<hr/>
Total assets less current liabilities			£(22,522)		£(40,761)
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	9		9,731		9,731
Share premium	10		82,157		82,157
Profit and loss account			(464,410)		(482,649)
			<hr/>		<hr/>
Shareholder's funds (equity interests)			(373,523)		(390,761)
			<hr/>		<hr/>
Shareholder's funds (non equity interests)					
Called up share capital	9		350,000		350,000
			<hr/>		<hr/>
Shareholder's funds	11		£(22,522)		£(40,761)
			<hr/>		<hr/>

In preparing these financial statements:

- (a) The director is of the opinion that the company is entitled to the exemption from audit conferred by Section 249A(1) of the Companies Act 1985;
- (b) No notice has been deposited under Section 249B(2) of the Companies Act 1985, and
- (c) The director acknowledges his responsibilities for;
 - (i) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985, and
 - (ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of Section 226, and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to the company.

Approved by the Director on 16 January 2004



 A.S. Bromovsky

KILDA INVESTMENTS LIMITED**Financial Statements For the year ended 31 March 2003**
Notes**1. Principal accounting policies****a) Basis of accounting**

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards. They have also been prepared on a going concern basis which in the opinion of the Director is valid (see note 1(g) below).

b) Turnover

Turnover represents income from consultancy and investment advice and recharged expenses, net of Value Added Tax. All the company's turnover derives from activities in Europe.

c) Depreciation

Depreciation is calculated in order to write off each asset over its estimated useful economic life at the following rate:-

Office equipment - 25% per annum straight line

d) Deferred Taxation

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different to those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

e) Pensions

All pension costs relate to defined contribution schemes.

f) Foreign currency

Transactions denominated in foreign currencies are translated at rates ruling at the time of those transactions. Foreign currency assets and liabilities are converted into pounds sterling at the rate ruling at the balance sheet date. All exchange differences are dealt with in the profit and loss account.

g) Going concern

The financial statements have been prepared on the going concern basis. This assumes that the company will continue in operational existence for the foreseeable future having adequate resources to meet the company's obligations as they fall due. The validity of the going concern basis is primarily dependent upon the availability of financial and other resources to meet the company's requirements and, in this respect, the director has confirmed both his intention and his financial ability to continue to support the company.

KILDA INVESTMENTS LIMITED

Financial Statements For the year ended 31 March 2003
Notes (continued)

2. Interest payable

	Year to 31 March 2003	Year to 31 March 2002
Interest on bank overdraft	£ -	£1,257

3. Profit/(loss) on ordinary activities before and after taxation

The profit on ordinary activities before taxation is stated after charging:-

	Year to 31 March 2003	Year to 31 March 2002
Depreciation	£1,575	£2,343

4. Taxation

	2003 £	2002 £
UK current year taxation:		
UK Corporation tax at 20%	£ -	£ -

The taxation liability on the result for the year is nil due to losses brought forward. No deferred tax asset has been recognised in relation to these losses as they can only be offset against future trading profits which are at present uncertain.

5. Tangible fixed assets

	Office Equipment £
Cost :	
At 1 April 2002 and at 31 March 2003	10,302
Depreciation :	
At 1 April 2002	7,668
Charge for the year	1,575
At 31 March 2003	£9,243
Net book value:	
At 31 March 2003	£1,059
At 31 March 2002	£2,634

KILDA INVESTMENTS LIMITED

Financial Statements For the year ended 31 March 2003
Notes (continued)

6. Current asset investments

The current asset investment represents 38,194 £1 ordinary shares and 22,000 'A' 10p ordinary shares in The Royal Tokaji Wine Company (Hungary) Limited costing £63,891 (2001: £63,891). The shares were written down to £40,500 in the year ended 31 March 2002.

7. Debtors

	2003 £	2002 £
Trade debtors	-	1,500
Other debtors	257	-
	<u>£ 257</u>	<u>£1,500</u>

8. Creditors: amounts falling due within one year

	2003 £	2002 £
Trade creditors	6,852	1,404
Other creditors	88,008	77,958
Accruals and deferred income	5,125	6,152
	<u>£99,985</u>	<u>£85,514</u>

Within other creditors is a loan from the director amounting to £87,843 (2002: £78,313) which is interest free and repayable on demand as and when the financial resources of the company permit.

9. Called-up share capital

	2003 £	2002 £
Authorised		
10,000 Ordinary shares of £1 each	10,000	10,000
350,000 Preference shares of £1 each	350,000	350,000
	<u>£360,000</u>	<u>£360,000</u>
Allotted, called up and fully paid		
9,731 Ordinary shares of £1 each	9,731	9,731
350,000 Preference shares of £1 each	350,000	350,000
	<u>£359,731</u>	<u>£359,731</u>

The preference shares attract a cumulative dividend equal to LIBOR plus 3% on the paid up value of the shares. Upon the winding up of the company the preference shareholders are entitled to the paid up amount on each preference share held and any outstanding dividends. The preference shares carry no voting rights. The shares are redeemable by the company at par value with one month's notice in writing.

The preference shares represent a non-equity interest.

KILDA INVESTMENTS LIMITED

Financial Statements For the year ended 31 March 2003
Notes (continued)

10. Share premium

	2003 £	2002 £
Premium on shares issued	£82,157	£82,157

11. Reconciliation of movements in shareholder's funds

	2003 £	2002 £
Profit/(loss) for the year	18,239	(40,848)
Opening shareholder's funds	(40,761)	87
Closing shareholder's funds	£(22,522)	£(40,761)

All shareholder's funds are attributable to non-equity interests.