

Noble Investments SA, Zurich

Board of Directors
Bahnhofstrasse 24
8001 Zürich

Zurich, November 17, 2003

Interims Review of Financial Statements as of June 30, 2003 of Noble Investments SA, Zurich and Noble Investments Ltd., Bermuda

Dear Sirs

In preparation of the yearend audit we performed an interims review in accordance with auditing standards promulgated by the Swiss profession of the financial statements of Noble Investments Ltd. (NI Ltd.) and Noble Investments SA (NI SA) as of June 30, 2003. Our interims review was conducted in Zurich and was concluded on October 31, 2003. Our findings, which we have discussed with Mr. M. Gerli on November 11, 2003, are summarized in this letter as follows.

1 Executive Summary

Management bonus remuneration and intercompany revenue recognition (paragraph 2)

The difference between the calculated bonus remuneration for the first half of 2003 and the paid out figure amounts to approx. thousand USD (TUSD) 874 in favour of the management of NI SA. If the mentioned points paragraph 2 of this letter cannot be resolved until December 31, 2003 we will require the board of directors and the management of NI SA to confirm that the bonus remuneration as considered in the financial statements as of December 31, 2003 are correct. This statement would ensure that the liabilities of NI SA are correctly stated in the financial statements, which is currently not the case. In addition the recorded revenue of NI SA (intercompany) does not correspond with the shareholders' agreements. The resulting difference amounts to TUSD 368 in favour of NI SA.

Possible tax implications and risks (paragraph 3)

In paragraph 3 of this letter we point out that the mentioned differences as stated in paragraph 2 regarding the bonus remuneration and revenue recognition could have significant tax implications for NI SA and for the Swiss shareholders (PJA and MG). Furthermore we would like to draw your attention to the fact that the tax situation regarding Swiss Value Added Tax of NI Ltd. and NI SA is uncertain and could represent a material risk for the companies. We therefore recommend a review of the current tax situation of both companies.

Evaluation of Accounting System of Noble Investments Ltd., Bermuda (paragraph 4)

According to the Swiss tax ruling audited financial statements of NI Ltd. must be submitted with the tax return of NI SA. Ernst & Young Switzerland will therefore be auditing the financial statements of NI Ltd. for the first time for the year ending December 31, 2003. Therefore we recommend that the accounting records and documents are kept in Switzerland. Furthermore we recommend the use of accounting software, which fulfills Swiss Tax requirements. This further implies that accounting of NI Ltd. shall be performed in Switzerland.

2 Management bonus remuneration and intercompany revenue recognition

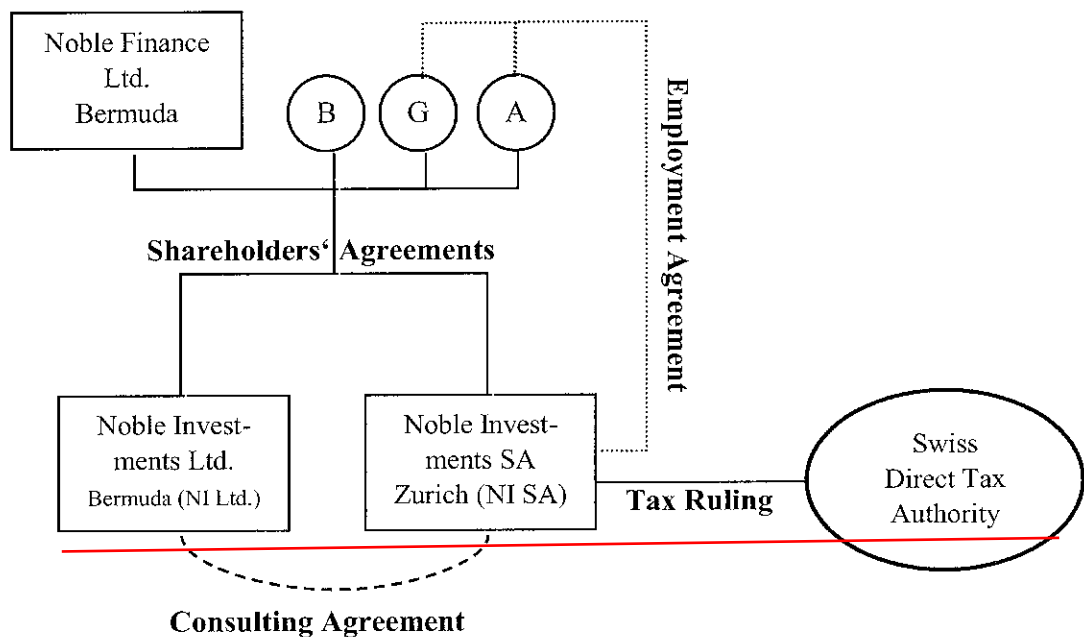
2.1 Introduction

As statutory auditors of NI SA we audited the financial statements as of December 31, 2002. During our audit we noted that the bonus remuneration was not calculated and subsequently paid out or accrued as of December 31, 2002 according to the calculation method described in the duly signed employment agreements and the shareholders' agreements. Due to this we asked the management to state in writing that they agree with the bonus calculations and payments for the business year 2002. For the business year 2003 a similar statement would be required if the situation remains unchanged.

In regards to our work we did not conduct any legal evaluation of the agreements or contracts between the mentioned parties. No tax work was conducted. Furthermore the calculations made in this memo are based on unaudited figures from January 1 until June 30, 2003 and further information and documents, which was provided by NI SA.

2.2 Contractual basis for the bonus remuneration

2.2.1 Overview



2.2.2 Excerpts from the agreements

The shareholders’ agreement of NI Ltd. states: *“For any calendar year, in addition to the fees due under the Consulting Agreement between NI Ltd. and NI SA, a special Performance Fee shall be paid to NI SA, as soon as consolidated revenues of NI Ltd. and NI SA are in excess of USD 475’000 or such other figure as may be agreed on the Board and the board of NI SA from time to time (the Hurdle) in any calendar year – calculated pro rata. As soon as the Hurdle is reached in that year, a Special Performance Fee calculated at 35% of all revenue in excess of the Hurdle is credited to NI SA.”*

The shareholders’ agreement of NI SA states: *“For any calendar year, a bonus shall be paid to the Management of the Company. Such Bonus only becomes relevant as soon as total consolidated revenues of NI Ltd. and NI SA are in excess of USD 475’000 or such other figure as may be agreed on the Board and the board of NI SA from time to time (the Hurdle) in any calendar year – calculated pro rata. As soon as the Hurdle is reached in that year, a Special Performance Fee calculated at 35% of all revenue in excess of the Hurdle is credited to the management. Bonuses for other employees are to be paid from this Bonus calculation arrangement, coming out of the 35%.”*

The employment agreement states: “For any calendar year the Management of the NI SA shall participate in the total revenues of NI SA. Such participation becomes relevant as soon as total consolidated revenues are in excess of USD 475’000 or such other figure as may be agreed by the Board from time to time (the Hurdle) in any calendar year and calculated pro rata. As soon as the hurdle is reached 35% of all revenue in excess of the Hurdle is credited to the management”.

The consulting agreement states: “NI Ltd. shall pay to NI SA a fixed consulting fee covering all the internal cost including taxes of NI SA. NI SA shall pay its operation expenses out of these fees. In addition to the fixed consulting fee NI Ltd. shall pay to NI SA a performance fee of 20% of the profit (before performance fee) resulting from the business activities carried out with the support of NI SA as recorded in NI Ltd’s audited financial statements. As from January 1, 2003 the performance fee shall amount to 5% of the fixed consultancy fee at least”.

Tax Ruling Switzerland: “NI Ltd. shall pay to NI SA a fixed consulting fee covering all the internal cost including taxes of NI SA. NI SA shall pay its operation expenses out of these fees. In addition to the fixed consulting fee NI Ltd. shall pay to NI SA a performance fee of 20% of the profit. The profit to be declared is the higher amount of 20% of profit of NI Ltd. or 5% of cost of NI SA. According to the agreements with the management of NI SA the bonus remuneration amounts to 35% of the consolidated revenues of NI SA and NI Ltd. Audited financial statements of NI Ltd. need to be submitted on a yearly basis”.

2.2.3 Contractual uncertainties

Bonus remuneration

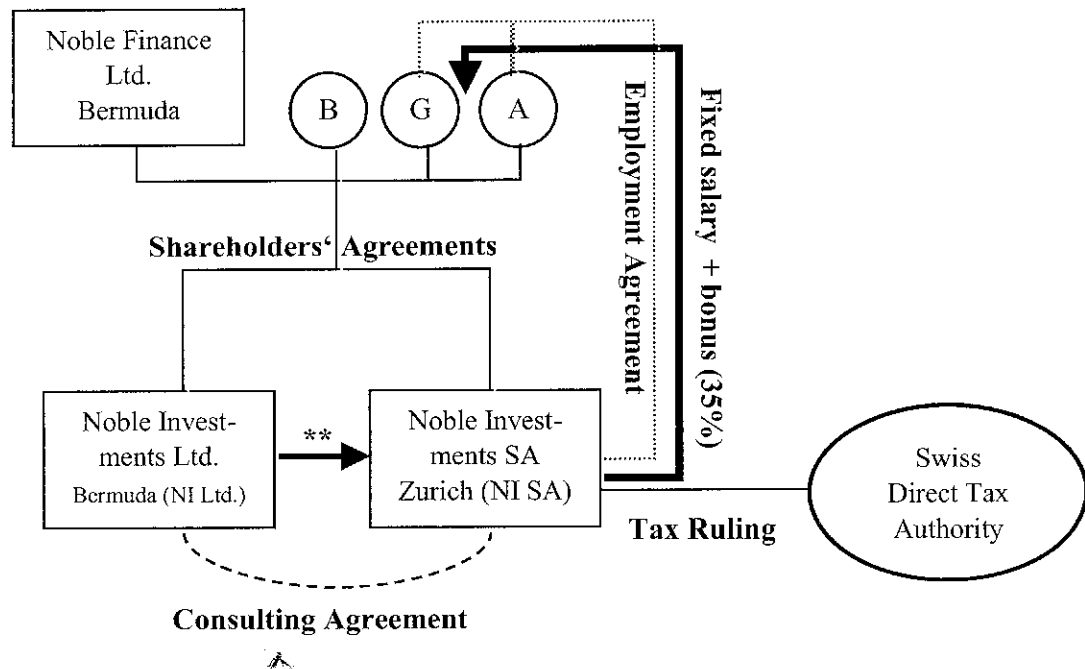
The shareholders’ agreement of NI SA considers total revenues as a consolidated figure (NI SA and NI Ltd.), which in our view does not correspond with the employment agreement. The employment agreement states that the bonus is to be calculated on the basis of total revenues of NI SA. In the following memo we assume that the shareholders’ agreements, which are duly signed by all shareholders as well as the representative directors of NI SA and NI Ltd., as the basis of the calculation in paragraph 2.3 and that the employment agreements will be amended accordingly.

Tax Return of NI SA

The tax ruling states that 20% of profit of NI Ltd. or a minimum of 5% of total cost of NI SA need to be declared. According to the consulting agreement NI SA receives a fixed consultancy fee (internal cost of NI SA) and a performance fee amounting to 5% of the fixed consultancy fee. We recommend that that the consulting agreement be adjusted according to the tax ruling.

2.3 Calculation of bonus remuneration for the period 01.01 - 30.06.2003

2.3.1 Overview of cash flows



**** Fixed fee and performance fee based on Consulting Agreement. Special performance fee (35%) based on Shareholders' agreement of NI SA.**

2.3.2 Revenue and Profit of NI Ltd. and fees in favour of NI SA

The bonus calculations are made based on the key figures revenue and profit of NI Ltd. as well as fees to be paid to NI SA by NI Ltd. According to the shareholders' agreement and consulting agreement NI Ltd. has to pay to NI SA a fixed consulting fee covering all of the internal cost of NI SA, a performance fee of 20% respectively 5% from January 1, 2003 onwards of the profit of NI Ltd. and a special performance fee of 35% of revenues as soon as the consolidated revenues of NI Ltd. and NI SA are in excess of USD 475'000.

<i>in USD '000</i>	01.01. - 30.06.2003	<i>Note</i>
Management fee income	3'475	1)
Performance fee income	705	1)
Gross upfront commission income	1'618	2)
Net liaison fee income	-	3)
Gross redemption fee income	726	4)
Total revenues of NI Ltd. minus hurdle	6'524 -475	
Total revenues minus hurdle	6'049	
Total Profit of NI Ltd. (before performance fee)	2'864	1)
Fixed consulting fee (internal cost of NI SA)	1'093	5)
Performance fee, 5% of the fixed consultancy fee	55	6)
Special performance fee, 35% of total revenues	2'117	
Total fees to be paid by NI Ltd. to NI SA	3'265	7)

Notes:

- 1) according to unaudited profit and loss account of NI Ltd.
(Profit before consulting fee NI Ltd. minus fixed costs NI SA plus
bonus remuneration accrued)
- 2) upfront commission income (gross)
- 3) liaison fee income minus expenses
- 4) redemption fee income (gross)
- 5) excluding paid bonus according to accounting records of
NI SA CHF 1.6 Mio. (first half 2003)
- 6) according to Consulting Agreement 5% as of 01.01.03
- 7) should equal to total revenues of NI SA

The profit and loss statement of NI SA for the first half 2003 shows a revenue figure amounting to TUSD 2'899. This results in a difference in favour of NI SA of TUSD 368, which NI Ltd. must pay to NI SA according to the agreements between both companies.

2.3.3 Calculation according to the shareholders' agreement of NI SA

According to the shareholders' agreement of NI SA the management participates in the consolidated revenues of NI Ltd. and NI SA. This participation becomes relevant as soon as the hurdle of USD 475'000 is exceeded. Bonuses of other employees are to be paid out of the special performance fee of 35%. Due to the fact that NI SA has no third party revenues the total revenue of NI Ltd. is also the consolidated revenue of NI SA and NI Ltd.

<i>in USD '000</i>	01.01. - 30.06.2003	<i>Note</i>
Total consolidated revenues of NI Ltd. and NI SA	6'524	1)
minus hurdle	-475	
Total consolidated revenues minus hurdle	6'049	
Total bonus remuneration for employees of NI SA	2'117	2)
Total bonus paid to employees of NI SA	1'243	3)
Total difference in favour of employees of NI SA	874	

Notes:

- 1) equals to revenues of NI Ltd., because NI SA has no third party revenues
- 2) 35% of consolidated revenues minus hurdle
- 3) paid bonus according the records of NI SA, CHF 1.6 Mio. (exchange rate: 1.32)

According to the account records of NI SA the bonus paid out to the employees for the first half of 2003 amounts to TUSD 1'243 (CHF 1.6 Mio.). The difference between the calculated bonus remuneration for the first half of 2003 and the already paid out figure amounts to approx. TUSD 874 in favour of the management of NI SA.

2.4 Conclusion

The above calculations, which are based on unaudited figures and information provided to us by NI SA, result in substantial differences (all figures in thousand USD):

Bonus remuneration 01.01.-31.06.2003

Total bonus remuneration for employees of NI SA	2'117
Total bonus paid to employees of NI SA	1'243
Total difference in favour of employees of NI SA	874

Consulting fee according to agreements 01.01.-31.06.2003

Total fees to be paid by NI Ltd. to NI SA	3'265
Total consulting fee NI SA according to P&L	2'899
Total difference in favour of NI SA	368

Taxable Profit NI SA 01.01.-31.06.2003

Total taxable profit of NI SA according to tax ruling is based on 5% of cost (1'093+2'117=3'210) of NI SA or 20% of profit (3'956-3210=746) of NI Ltd.	161
Total taxable profit of NI SA according to P&L	562
Total difference taxable profit NI SA	-401

In our opinion the following points need to be addressed:

- Amendment of the consulting agreement according to the tax ruling and recalculation of taxable profit according to the figures resulting according to the applicable agreements.
- The bonus remuneration is subject to social security cost assuming it is paid out as salary and is not regarded as profit distribution. Definition of "performance fee" including or excluding social security cost .
- A sample calculation should be agreed upon. This ensures that no uncertainties should arise in the future in regards to the calculation of the fee recognition and bonus remuneration.

If the above mentioned points cannot be resolved until December 31, 2003 we will require the board of directors and the management of NI SA to confirm that the bonus remuneration as considered in the financial statements as of December 31, 2003 are correct. This statement would ensure that the liabilities of NI SA are correctly stated in the financial statements. We further draw your attention to the fact that the mentioned difference could have significant tax implications (please consult paragraph 3).

3 Possible tax implications and risks

We did not conduct any tax work or special clarifications of tax matters during our audit. Our audit of the financial statements examines the company's compliance with laws and regulations that govern accounting and reporting matters but is not designed to examine compliance with other laws and regulations, such as labour, environmental, or safety laws. In particular, the audit includes neither an evaluation of tax or social security issues and their treatment by the company nor an examination of official tax and social security notifications and payments other than those that are directly related to accounting and reporting matters. The following issues are addressed due to the fact that they could have a material impact on the financial records and financial statements of NI SA and NI Ltd.

3.1 Swiss Value Added Tax (VAT)

According to the opinion dated July 10, 2001 of the external tax consultant NI Ltd. is not subject to Swiss VAT, because of the understanding that NI Ltd. is an active offshore investment company. According to Swiss Law a passive investment company would be VAT taxable in Switzerland. A passive investment company is deemed to have no infrastructure, no personnel and has effectively no business activity and that the majority shareholders are domiciled in Switzerland. In our understanding NI Ltd. has no personnel or infrastructure costs according to the profit and loss statement, which possibly represents a risk regarding the qualification of NI Ltd. subject to VAT. This also would have a material impact on the VAT situation of NI SA, because the income from the consulting agreement with NI Ltd. is considered as VAT exempted. Therefore we recommend a review of the VAT status of NI Ltd. and NI SA and the implications.

3.2 Swiss Direct Tax and Withholding Tax

The difference in the bonus remuneration could have a significant impact on the tax situation of NI SA. Furthermore if the Swiss Tax Authorities were to qualify the difference as a hidden investment in NI SA by the management (both Swiss shareholders) this could also have a significant impact on the private tax situation of the Swiss shareholders.

4 Evaluation of Accounting System of Noble Investments Ltd., Bermuda

According to the tax ruling of the Swiss Tax Authorities audited financial statements of NI Ltd. must be submitted with the tax return of NI SA. Ernst & Young Switzerland will therefore be auditing the financial statements of NI Ltd. for the first time for the year ending December 31, 2003. In preparation of the yearend audit we performed an evaluation of the accounting system in place at NI Ltd. The evaluation was conducted in accordance with auditing standards promulgated by the Swiss profession, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

The accounting records are kept in a Microsoft Excel sheet. Due to the fact that there are no automated controls, which ensure the completeness and existence of the bookings and transactions recorded (all cells can be modified by the user at her/his discretion), we consider the control risk level regarding misstatements in the financial statements as high. This fact requires an extended substantive testing procedure for the yearend audit. For reasons of security and efficiency we strongly recommend to switch over to accounting software, which ensures the integrity of the data. The supporting documentation and physical accounting records are kept in Hong Kong. In order to perform a comprehensive and efficient audit, it is crucial to keep booking vouchers and supporting documentation (for instance contracts) at the same location. This would enhance transparency substantially. Furthermore the Swiss

Tax Authorities while conducting a tax audit require all company documents to be in Switzerland. Therefore we recommend that the all documents regarding NI Ltd. should be kept in Switzerland and recorded according to Swiss Law.

Ernst & Young Ltd.

Stefan Amstad

Iqbal Khan