
Pinnacle Value Fund
A Series of
Bertolet Capital Trust

Annual Report

December 31, 2003

Dear Fellow Shareholders,

A friend who runs a mid-sized investment partnership recently wrote "The current moment contrasts starkly with the situation one year ago. The outlook was bleak, the recovery seemed stalled, consumer spending was dropping, corporate America was rife with scandals, and we were heading into uncertain war. One year later sentiment is almost exactly the opposite. In our judgment, the current price of many stocks anticipates an unblemished economic and geopolitical scene for the next several years."

I think this captures well the change in psychology/sentiment dominating the stock market at both the individual and institutional levels. During the past year, almost any reason has been seized upon to justify "investing" in the market. There are undoubtedly many more investors chasing stocks today and their stay will be limited by how long they think profits can be made quickly and easily. While it is difficult to say how long the current rally will continue, it is probably fair to say that the longer it lasts, the greater the reaction to it.

We make no attempt to forecast the general market, the economy's strength (or weakness) or the direction of interest rates. Our efforts are devoted to finding undervalued securities. However, in our opinion the wide-spread public belief in the inevitability of sustained, robust corporate profits could lead to problems. Should this occur, securities prices and the market could be materially impacted.

RESULTS IN 2003

In our June 30 semi-annual report we wrote about the difficulty we were having finding an adequate number of attractive investments with minimal risk to capital. We also mentioned that our results are likely to be above average in declining or flat markets, but we may underperform in rising markets. This proved to be the case in 2003.

The Fund ended the year with a NAV of \$11.27/sh which, together with a \$.10/sh gains distribution paid in December produced a total return of 13.7% from its April 1 inception through December 31, 2003. That compares with full year gains (including dividend reinvestment) of 28.7% for the S&P 500 and 47.3% for the Russell 2000, our benchmark. We were on average only 24% invested through the year. The merchandise we owned did well but we couldn't find enough reasonably priced ideas to put incoming cash to work. Also, the Fund began operations on April 1 so we were not afforded the opportunity to purchase stocks in Q1 when many were still bargains. Our year end open common stock positions are up about 19% including dividends. In addition, we took profits on several positions for a net realized gain of \$124,337 or 70% on our cost.

Dec. 31 net assets were about \$4,700,000 most of which came in fairly evenly through the year. As you can see from the attached Schedule of Investments, we now have 39 investments across multiple industries. All have strong competitive positions with seasoned management (who often own lots of stock), solid earnings potential and conservative balance sheets. All were purchased at reasonable valuations. The portfolio's weighted average market cap is approximately \$218 million. The yield on our securities cost (what we paid) is 1.9% reflecting our goal of earning income while waiting for securities to appreciate.

We ended the year about 48% invested and were below that for most of the year which clearly hurt our performance in a rapidly rising market. You'll notice that we have a fair position (about 15%) in auction market preferreds. These are short term, highly liquid, AA and AAA rated securities where the interest rate is reset weekly or monthly to market rates. They are typically issued by closed end mutual funds and our preferred dividends must be paid before any common dividends. The preferreds currently pay around 1.2% which is well in excess of money market rates. We will cash them out as needed.

A TYPICAL SITUATION

So that you may better understand our method of operation, it might be helpful to review a specific activity of 2003. It contributed \$58,800 in realize profits or roughly double it's cost basis of \$61,600 and was a major contributor to Fund performance.

The stock was Metals USA (MLT), a Houston based network of steel service centers. MLT came public in July 1997 and grew to have 144 locations nationwide. Steel service centers buy steel directly from the mills in large quantities which is then cut and processed further for sale to smaller customers who can't deal with the mills directly. It's an important economic function that touches virtually every "hard goods" industry including automotive, aerospace, construction materials, machinery, etc.

Unfortunately, MLT expanded too quickly in the late 1990s embarking on expensive, debt financed acquisition spree of many of their competitors. MLT paid top dollar, the economy softened, customers reduced orders and MLT imploded under a mountain of debt, filing for Chapter 11 reorganization in November, 2001.

Fortunately, MLT was not terminal and was able to reorganize, sell some assets and pay down debt. They emerged from bankruptcy fairly quickly in November 2002 with a clean balance sheet and intact customer base. The new CEO, Lourenco Gonzales ran smaller competitor California Steel Industries in Los Angeles for several years where he achieved some pretty stellar results. MLT was his first shot at running a public company.

We noticed in our regular review of SEC filings of insider transactions that Lourenco and several other executives were making open market purchases shortly after MLT emerged from reorganization. A quick review of the financials told us the company was conservatively financed and had the necessary "breathing room" to prosper once more. We spoke with Lourenco about his plans for the future and like what we heard. We began buying shares in earnest and were able to accumulate about 14,000 shares at around \$4.40, a significant discount to tangible book value and potential earnings power. At the time of purchase, it was a sizable position, close to 4% of Fund assets.

As you might expect, these types of compelling opportunities don't stay unnoticed for long. Indeed, several institutions began bidding the shares up shortly after we built our position pushing them to \$9-\$10/sh. MLT also had an earnings release (Sept. quarter) with results that were slightly disappointing relative to my expectations. This, combined with the sharp rise in the share price prompted me to liquidate our position at about \$8.60/sh. The shares now hover around \$9-\$10. We probably sold a bit soon but the proceeds are being placed in a very promising situation which I hope to explain at a future date.

THE CURRENT SITUATION

As most of you know, I have been very apprehensive about general stock market levels for many months. To date this caution has been unnecessary. The new year continues to see enthusiastic investor sentiment, fresh cash being committed to stocks, continued hopes for imminent corporate earnings and a general embrace of risk. Still, at 29 times earnings and 3.4 times book value, with a dividend yield of 1.6%, the current S&P 500 Index contains a fairly high speculative component with a corresponding risk of loss. Perhaps I'm wrong and the stampede into equities will continue for many more months (or years). However, I would rather be penalized for being too conservative than face the consequences of error perhaps including permanent capital loss.

We are now well ensconced in our offices at 1414 Sixth Ave. in midtown Manhattan. Our 90 square feet of real estate is a little cramped but suits our needs just fine. We remain very grateful to my former boss Chuck Royce for subletting the space to us and team Royce for making the working environment so pleasant. Please feel free to stop by if you visit NYC, but call ahead to make sure I'm in town.

Finally, a word about the market timing and late trading scandals that have recently impacted the fund industry. Pinnacle Value Fund has never entered into market timing or late trading arrangements with any investor. Our transfer agent, Mutual Shareholder Services (who continue to perform admirably), will not accept any orders or checks received after 4PM EST. Nor will they accept any orders requesting a particular day, price or other special condition. The fund has a 1% redemption fee on all sales of Fund shares made within 1 year of purchase to discourage market timing/trading. This fee is shared by all remaining Fund shareholders. The Fund has one class of shares, is 100% no-load and has no 12b-1 or any other distribution fees.

Should you have any questions or comments, please don't hesitate to call or write.

Thank you for your continued support and enthusiasm.

John E. Deysher
President and Portfolio Manager
212-508-4537

Pinnacle Value Fund
1414 Sixth Ave-900
New York, NY 10019

PINNACLE VALUE FUND

BERTOLET CAPITAL TRUST

Schedule of Investments December 31, 2003

Shares/Principal Amount		Basis	Market Value	% of Assets
COMMON STOCKS				
Aerospace & Defense				
4,000	Sifco Industries, Inc. *	<u>\$ 7,600</u>	<u>\$ 16,400</u>	0.35%
Apparel/Accessories				
17,400	Cutter & Buck, Inc. *	99,133	164,082	
3,000	Delta Apparel	<u>46,069</u>	<u>53,850</u>	
		<u>145,202</u>	<u>217,932</u>	4.61%
Auto & Truck Parts				
3,000	Edelbrock Corp. *	<u>30,120</u>	<u>37,650</u>	0.80%
Business Services				
8,800	General Employment Ent. *	<u>6,802</u>	<u>12,848</u>	0.27%
Chemical Distribution				
19,600	Arrow Magolia *	<u>33,009</u>	<u>27,832</u>	0.59%
Consumer Electronics				
4,300	Cobra Electronics *	<u>25,767</u>	<u>32,465</u>	0.69%
Education				
5,700	Aristotle Corp. Ser. I Conv. Pfd.	<u>41,596</u>	<u>43,605</u>	0.92%
Exchange Traded Funds				
3,000	iShares MSCI Japan *	<u>20,200</u>	<u>28,740</u>	0.61%
Financial Services				
5,100	Ameritrans Capital Corp. Preferred	57,062	57,630	
200	Capital Southwest	11,508	12,400	

19,900	MVC Capital *	<u>158,013</u>	<u>159,001</u>	
		<u>226,583</u>	<u>229,031</u>	4.85%
Food Processing				
4,500	Golden Enterprises, Inc.	<u>9,900</u>	<u>13,140</u>	0.28%
Furniture & Fixtures				
13,900	Reconditioned Systems *	<u>24,980</u>	<u>17,375</u>	0.37%
Hotels & Motels				
8,200	Prime Hospitality Corp. *	<u>50,388</u>	<u>83,640</u>	1.77%
Insurance				
19,300	Paula Financial *	20,393	42,074	
6,700	SCPIE Holdings, Inc.	<u>64,047</u>	<u>59,094</u>	
		<u>84,440</u>	<u>101,168</u>	2.14%
Manufacturing Housing				
500	Liberty Homes, Inc.	2,085	2,530	
1,100	Patrick Industries, Inc. *	6,996	9,086	
46,600	Southern Energy Homes *	<u>103,507</u>	<u>104,850</u>	
		<u>112,588</u>	<u>116,466</u>	2.47%
Metals Distribution				
4,000	Friedman Industries	<u>11,747</u>	<u>13,440</u>	0.28%
Misc. Capital Goods				
5,900	Hardinge, Inc. *	\$ 44,686	\$ 68,263	
1,500	Minuteman International, Inc.	12,075	14,100	
3,800	The L.S. Starrett Co.	<u>45,360</u>	<u>62,510</u>	
		<u>102,121</u>	<u>144,873</u>	3.07%
Oil Field Service				
500	Lufkin Industries, Inc.	<u>9,540</u>	<u>14,380</u>	0.30%
Patent Owners & Lessors				
3,000	Refac *	<u>14,856</u>	<u>14,790</u>	0.31%
Real Estate				
6,700	Price Legacy Corp. Pfd A	108,969	108,875	
3,700	Regency Affiliates *	<u>23,051</u>	<u>23,680</u>	
		<u>132,020</u>	<u>132,555</u>	2.81%
Recreational products				
13,300	Coastcast *	<u>26,482</u>	<u>26,334</u>	0.56%
Retail				
6,000	Deb Shops, Inc.	111,276	129,120	

8,400	United Retail Group, Inc. *	<u>10,992</u>	<u>24,864</u>	
		<u>122,268</u>	<u>153,984</u>	3.25%
Semiconductors				
28,400	Opti, Inc. *	<u>41,304</u>	<u>40,328</u>	<u>0.85%</u>
Total for Common Stock		<u>\$ 1,279,513</u>	<u>\$ 1,518,976</u>	<u>32.15%</u>
AUCTION MARKET PREFERRED				
4	Aim Select Real Estate, Inc. Fund Pfd - F	100,000	100,000	
4	Cohen & Steers Premium Income Realty Fund Pfd - T	100,000	100,000	
4	F&C Claymore Total Return Fund Pfd - T7	100,000	100,000	
4	ING Clarion Real Estate Income Fund - Pfd W28	100,000	100,000	
1	J. Hancock Patriot Premium Dividend Pfd - A	100,000	100,000	
4	Neuberger Berman Real Estate Income Fund Pfd - A	100,000	100,000	
4	Nuveen Real Estate Income Fund Pfd - W	<u>100,000</u>	<u>100,000</u>	
		700,000	700,000	<u>14.82%</u>
Total for Preferred Stock		<u>\$ 700,000</u>	<u>\$ 700,000</u>	<u>14.82%</u>
Cash and Equivalents				
2,469,699	First American Government Obligation Fund Cl A 0.35% **	<u>2,469,699</u>	<u>2,469,699</u>	<u>52.27%</u>
	Total Investments	<u>\$ 4,449,212</u>	4,688,675	99.24%
	Assets less other Liabilities		<u>36,101</u>	<u>0.76%</u>
	Net Assets		<u>\$ 4,724,776</u>	<u>100.00%</u>

The accompanying notes are an integral part of the financial statements.

TOP 10 POSITIONS**% net assets**

1. Cutter & Buck (CBUK) Golf apparel & sportswear	3.5%
2. MVC Capital (MVC) Closed end fund	3.4
3. DEB Shops (DEBS) Mall based teen clothing retailer	2.7
4. Price Legacy Pfd A (PRENP) Shopping Center REIT	2.3
5. Southern Energy Homes (SEHI) Manufactured homes & components	2.2
6. Neuberger & Berman Real Estate Income Fund Auction Rate Pfd A	2.1
7. John Hancock Patriot Premium Dividend Fund I Auction Rate Pfd A	2.1
8. Nuveen Real Estate Income Fund Auction Rate Pfd A	2.1
9. Flaherty & Crumine Total Return Fund Auction Rate Pfd T7	2.1
10. Cohen & Steers Premium Income Realty Fund Auction Rate Pfd T	2.1
Total	24.6%

TOP 5 WINNERS (realized & unrealized gains)

1. Cutter and Buck	\$64,380
2. Metals USA	58,800
3. Prime Hospitality	33,210
4. Hardinge Corp.	23,600
5. Paula Financial	\$22,000

TOP 5 SINNERS (realized & unrealized losses)

1. Reconditioned Systems	\$8,340
2. Arrow Magnolia	5,488
3. SCPIE Holdings Inc.	5,360
4. Metro One	4,980
5. Opti, Inc.	\$1,420

PINNACLE VALUE FUND BERTOLET CAPITAL TRUST

Statement of Assets and Liabilities December 31, 2003

Assets:	
Investment Securities at Market Value	\$ 4,688,675
(Identified Cost -\$ 4,449,212)	
Receivables:	
Cash	50,000
Dividends and Interest	825
Total Assets	4,739,500
Liabilities:	
Payables:	
Management Fees	584
Accrued Expenses	13,014
Dividends Payable	1,126
Total Liabilities	14,724
Net Assets	<u>\$ 4,724,776</u>
Net Assets Consist of:	
Paid-In Capital	\$ 4,423,792
Accumulated Realized Gain on Investments - Net	61,521
Unrealized Appreciation in Value	
of Investments Based on Identified Cost - Net	<u>239,463</u>
Net Assets, for 419,340 Shares Outstanding	<u>\$ 4,724,776</u>
Net Asset Value and Redemption Price	
Per Share (\$4,724,776/419,340 shares)	<u>\$ 11.27</u>

The accompanying notes are an integral part of the financial statements.

PINNACLE VALUE FUND BERTOLET CAPITAL TRUST

Statement of Operations

	4/1/2003*
	to
	12/31/2003
Investment Income:	
Dividends	\$ 6,633
Interest	<u>5,829</u>
Total Investment Income	12,462
Expenses: (Note 2)	
Investment Advisor Fees	24,918
Audit Fees	10,000
Accounting Fees	9,010
Transfer Agent Fees	3,862
Custodial Fees	2,833
Trustee Fees	3,100
Legal Fees	14,368
Printing & Mailing Fees	2,124
Registration Fees	1,893
Miscellaneous Fees	320
Insurance Fees	<u>7,826</u>
Total Expenses	80,254
Reimbursed Expenses	<u>(44,571)</u>
Net Expenses	<u>35,683</u>
Net Investment Loss	<u>(23,221)</u>
Realized and Unrealized Gain on Investments:	
Realized Gain on Investments	124,337
Net Unrealized Appreciation on Investments	<u>239,463</u>
Net Realized and Unrealized Gain on Investments	<u>363,800</u>
Net Increase in Net Assets from Operations	<u>\$ 340,579</u>

*commencement of operations

The accompanying notes are an integral part of the financial statements.

PINNACLE VALUE FUND BERTOLET CAPITAL TRUST

Statement of Changes in Net Assets

	4/1/2003*
	to
	12/31/2003
From Operations:	
Net Investment Loss	\$ (23,221)
Net Realized Gain on Investments	124,337
Net Unrealized Appreciation	<u>239,463</u>
Increase in Net Assets from Operations	<u>340,579</u>
From Distributions to Shareholders:	
Net Realized Gain from Security Transactions	<u>(39,595)</u>
From Capital Share Transactions:	
Proceeds From Sale of Shares	4,285,322
Shares issued in Reinvestment of Dividends	<u>38,470</u>
Net Increase from Shareholder Activity	<u>4,323,792</u>
Net Increase in Net Assets	<u>4,624,776</u>
Net Assets at Beginning of Period	100,000
Net Assets at End of Period	<u>\$ 4,724,776</u>
Share Transactions:	
Issued	405,899
Reinvested	<u>3,441</u>
Net increase in shares	409,340
Shares outstanding beginning of period	<u>10,000</u>
Shares outstanding end of period	<u>419,340</u>

*commencement of operations

The accompanying notes are an integral part of the financial statements.

PINNACLE VALUE FUND BERTOLET CAPITAL TRUST

Financial Highlights

Selected data for a share outstanding throughout the period:

4/1/2003*

to

12/31/2003

Net Asset Value -	
Beginning of Period	<u>\$ 10.00</u>
Net Investment Loss	(0.09)
Net Gains or Losses on Securities	
(realized and unrealized)	<u>1.46</u>
Total from Investment Operations	<u>1.37</u>
Distributions from Capital Gains	
	<u>(0.10)</u>
Net Asset Value -	
End of Period	<u>\$ 11.27</u>
Total Return	13.71 %
Ratios/Supplemental Data	
Net Assets - End of Period (Thousands)	4,725
Before Reimbursement	
Ratio of Expenses to Average Net Assets	4.00% **
Ratio of Net Loss to Average Net Assets	(3.38)% **
After Reimbursement	
Ratio of Expenses to Average Net Assets	1.78% **
Ratio of Net Loss to Average Net Assets	(1.16)% **
Portfolio Turnover Rate	68.44%

* Commencement of operations.

** Annualized

The accompanying notes are an integral part of the financial statements.

PINNACLE VALUE FUND

BERTOLET CAPITAL TRUST

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

1.) ORGANIZATION:

Pinnacle Value Fund ("Fund") is registered under the Investment Company Act of 1940 as an open-end investment management company and is the only series of the Bertolet Capital Trust, a Delaware business trust organized on January 1, 2003 ("Trust"). The Trust's Declaration of Trust authorizes the Board of Trustees to issue an unlimited number of Fund shares. Each share of the Fund has equal voting, dividend, distribution, and liquidation rights. The Fund's investment objective is long term capital gains with income as a secondary objective.

2.) SIGNIFICANT ACCOUNTING POLICIES

SECURITY VALUATION:

The Fund will primarily invest in equities and convertible securities. The investments in securities are carried at market value. Securities that are traded on any exchange or on the NASDAQ over-the-counter market are valued at the last quoted sale price. Lacking a last sale price, a security is valued at its last bid price except when, in the Adviser's opinion, the last bid price does not accurately reflect the current value of the security. When market quotations are not readily available, when the Adviser determines the last bid price does not accurately reflect the current value or when restricted securities are being valued, such securities are valued as determined in good faith by the Adviser, in conformity with guidelines adopted by and subject to review of the Board of Trustees.

Fixed income securities generally are valued by using market quotations, but may be valued on the basis of prices furnished by a pricing service when the Adviser believes such prices accurately reflect the fair market value of such securities. A pricing service utilizes electronic data processing techniques based on yield spreads relating to securities with similar characteristics to determine prices for normal institutional-size trading units of debt securities without regard to sale or bid prices. When prices are not readily available from a pricing service, or when restricted or illiquid securities are being valued, securities are valued at fair value as determined in good faith by the Adviser, subject to review of the Board of Trustees. Short term investments in fixed income securities with maturities of less than 60 days when acquired, or which subsequently are within 60 days of maturity, are valued by using the amortized cost method of valuation.

SECURITY TRANSACTIONS AND INVESTMENT INCOME:

The Fund records security transactions based on a trade date. Dividend income is recognized on the ex-dividend date, and interest income is recognized on an accrual basis. Discounts and premiums on securities purchased are amortized over the lives of the respective securities.

FEDERAL INCOME TAXES:

The Fund's policy is to continue to comply with the requirements of the Internal Revenue Code that are applicable to regulated investment companies and to distribute all its taxable income to its shareholders. Therefore, no federal income tax provision is required.

DISTRIBUTIONS TO SHAREHOLDERS. Distributions to shareholders, which are determined in accordance with income tax regulations, are recorded on the ex-dividend date.

ESTIMATES:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassification of Capital Accounts. The Fund account and reports for distributions to shareholders in accordance with the American Institute of Certified Public Accountant's Statement of Position 93-2; Determination, Disclosure and Financial Statement Presentation of Income, Capital and Return of Capital Distributions by Investment Companies. For the period ended December 31, 2003, the Fund decreased accumulated net realized gain by \$23,221 and increased net investment loss by \$23,221, due to certain permanent book and tax differences. Net assets of the Fund were not affected by this change.

3.) INVESTMENT ADVISORY AGREEMENT

The Fund has entered into an investment advisory agreement with Bertolet Capital LLC (the Adviser). Under the Agreement, the Adviser receives a fee equal to the annual rate of 1.25% of the Fund's average daily net assets. For the period ended December 31, 2003, the Adviser waived \$24,918 of its fee. An officer and trustee of the Fund is also an officer and trustee of the Adviser.

The Advisory Agreement also provides for an expense reimbursement from the Adviser, if the Fund's total expenses, exclusive of taxes, interest on borrowings, dividends on securities sold short, brokerage commissions and extraordinary expenses exceed 1.79% of the Fund's average daily net assets through December 31, 2005. During the period ended December 31, 2003, the Advisor reimbursed the Fund \$19,653 for certain operating expenses.

The Adviser will be entitled to reimbursement of fees waived or reimbursed by the Adviser to the Fund. Fees waived or expenses reimbursed during a given year may be paid to the Adviser during the following three year period to the extent that payment of such expenses does not cause the Fund to exceed the expense limitation. At December 31, 2003, the cumulative unreimbursed amount paid/or waived by the Advisor on behalf of the Fund is \$44,571. The Adviser may recapture this amount no later than December 31, 2006.

4.) PURCHASES AND SALES OF SECURITIES

For the period ended December 31, 2003, purchases and sales of investment securities other than U.S. Government obligations and short-term investments aggregated \$2,458,337 and \$603,160 respectively.

5.) SECURITY TRANSACTIONS

Net Investment income/(loss) and net realized gains/(losses) differ for financial statement and tax purposes due to differing treatments of was sale losses deferred and losses realized subsequent to October 31 on the sale of securities.

The tax character of distributions paid during the period ended December 31, 2003 is as follows:

2003

Ordinary Income \$ 33,595

As of December 31, 2003, the components of accumulated earnings/(losses) on a tax basis were as follows:

Costs of investments \$4,449,212

Gross tax unrealized appreciation \$258,481

Gross tax unrealized depreciation (19,018)

Net tax unrealized appreciation 239,463

Accumulated capital gains 61,521

Total distributable earnings \$300,984

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

**To the Shareholders and Board of Trustees
Bertolet Capital Trust
New York, New York**

We have audited the accompanying statement of assets and liabilities of Pinnacle Value Fund, a series of shares of Bertolet Capital Trust, including the schedule of investments, as of December 31, 2003, and the related statements of operations, changes in net assets and the financial highlights for the period April 1, 2003 (commencement of operations) to December 31, 2003. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2003, by correspondence with the custodian. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Pinnacle Value Fund as of December 31, 2003, the results of its operations, the changes in its net assets and its financial highlights for the period April 1, 2003 (commencement of operations) to December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

**/s/TAIT WELLER & BAKER
Philadelphia, Pennsylvania
February 13, 2004**