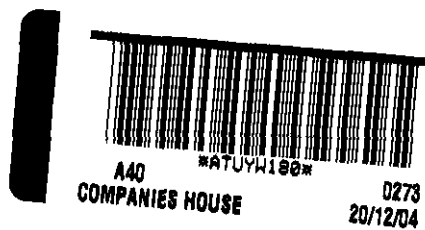


708736

ESKAR INTERNATIONAL LIMITED

FINANCIAL ACCOUNTS FOR THE
YEAR ENDED 29TH FEBRUARY 2004



ESKAR INTERNATIONAL LIMITED
FINANCIAL ACCOUNTS
FOR THE YEAR ENDED 29TH FEBRUARY 2004

CONTENTS

1. Report of the Directors
2. Auditors' Report
3. Profit and Loss Account
4. Balance Sheet
- 5-7. Notes to the Accounts

The following page does not form part of the Statutory Accounts

Appendix

1. Trading and Profit and Loss Account

DIRECTORS:	S Karimzadeh E Karimzadeh
SECRETARY:	S Karimzadeh
REGISTERED OFFICE:	Boundary House 91-93 Charterhouse Street London EC1 6HR
REGISTERED NUMBER:	708736
AUDITORS:	Tobin Associates

ESKAR INTERNATIONAL LIMITED
REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 29TH FEBRUARY 2004

The directors present their annual report with the accounts of the company for the year ended 29th February 2004.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was importing skins and agricultural and produce

DIRECTORS

The directors in office in the year and their beneficial interests in the company's issued ordinary share capital were as follows:

	Ordinary Shares of £1 each	
	<u>2004</u>	<u>2003</u>
S Karimzadeh	109,563,000	105,063,000
E Karimzadeh	16,001,000	12,501,000

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial accounts 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 accounts 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 the applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial accounts;
- prepare the financial accounts 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 accounts 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.

AUDITORS

The auditors Tobin Associates are deemed to be reappointed in accordance with section 386 of Companies Act 1985.

SMALL COMPANY EXEMPTIONS

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

Signed on behalf of the
board of directors



S Karimzadeh
Director

13th Decemebr 2004

TOBIN ASSOCIATES

ACCOUNTANTS & REGISTERED AUDITORS

Tel:
020-7608 3633

Boundary House (3rd floor)
91-93 Charterhouse Street
London EC1M 6HR.

Fax:
020-7608 3201

e-mail: Tobinandcompany@aol.com

YOUR REF

OUR REF

2.

AUDITORS' REPORT TO THE SHAREHOLDERS OF ESKAR INTERNATIONAL LIMITED

We have audited the financial accounts on pages 3 to 7 for the year ended 28th February 2004. These financial statements have been prepared in accordance with the Financial Reporting Standard For Smaller Entities (effective June 2002), under the historical cost convention and accounting policies set out on page 5.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 1 the company's directors are responsible for the preparation of financial accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

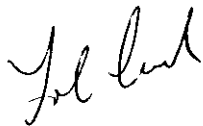
BASIS OF OPINION

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial accounts, 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 accounts 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 accounts.

OPINION

In our opinion the financial accounts give a true and fair view of the state of the company's affairs as at 29th February 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



TOBIN ASSOCIATES

13th December 2004

Partners: F. TOBIN F.C.C.A. Z. RAHMAN B. COM. F.C.C.A.

Associates: - J.J. SHARIFF B. COM. (HONS) S. KARIM F.C.A.

Registered to carry on audit work by the Institute of Chartered Accountants in England & Wales

ESKAR INTERNATIONAL LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 29TH FEBRUARY 2004

	<u>Notes</u>	<u>2004</u>	<u>2003</u>
		£	£
TURNOVER	1	44,180	5,503
Cost of Sales		100	4,500
<u>GROSS PROFIT</u>		43,080	1,003
Net Operating Expenses			
Administrative Expenses		31,118	27,894
<u>OPERATING PROFIT/(LOSS)</u>	2	12,962	(26,891)
		12,962	(26,891)
Income from Investments		-	199
<u>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</u>		12,962	(26,692)
Tax on Ordinary Activities		2,000	-
<u>PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION</u>		£ 10,962	£ (26,692)
<u>STATEMENT OF RETAINED EARNINGS</u>			
(Loss) Brought Forward		(102,943)	(76,251)
Profit/Loss for the Year		10,962	(26,692)
<u>RETAINED LOSS CARRIED FORWARD</u>		£ (91,981)	£ (102,943)

None of the company's activities were acquired or discontinued during the above two financial years.

There were no recognised gains or losses other than the profit or loss for the above two financial years.

The annexed notes form part of these accounts.

ESKAR INTERNATIONAL LIMITEDBALANCE SHEET
AS AT 29TH FEBRUARY 2004

	<u>Notes</u>	<u>2004</u>	<u>2003</u>
		£	£
FIXED ASSETS			
Tangible Assets	3	1,924	2,109
CURRENT ASSETS			
Stock	1	18,904	19,004
Debtors	4	197,353	198,620
Investments	5	25,275,033	19,557,476
Cash at Bank		109,082,452	114,802,044
		<u>134,573,742</u>	<u>134,577,144</u>
CREDITORS : Amounts Falling			
Due within One Year	6	9,097,647	17,112,198
NET CURRENT ASSETS		<u>125,476,095</u>	<u>117,464,946</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>125,478,019</u>	<u>£117,467,055</u>
CAPITAL AND RESERVES			
Share Capital	7	125,570,000	117,570,000
Profit and Loss Account		(91,981)	(102,943)
<u>TOTAL SHAREHOLDERS' FUNDS</u>	8	<u>£125,478,019</u>	<u>£117,467,057</u>

These accounts are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Signed on behalf of the
board of directors



S Karimzadeh
Director

Approved by the board: 13th December 2004

The annexed notes form part of these accounts.

ESKAR INTERNATIONAL LIMITED**NOTES TO THE ACCOUNTS**
FOR THE YEAR ENDED 29TH FEBRUARY 2004**1. ACCOUNTING POLICIES****Basis of Accounting**

The accounts have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard For Smaller Entities (effective June 2002).

Turnover

Turnover represents the net invoices rendered excluding VAT.

Tangible Fixed Assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Plant and Equipment	15% on written down value
Fixtures and Fittings	15% on written down value

Stocks

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving items.

Deferred Taxation

No Provision has been made for deferred taxation.

Foreign Currencies

Assets and liabilities in foreign currencies are translated in to sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated in to sterling at the rate of exchange ruling at the date of transaction.

Cash Flow Statement

the company has taken advantage of the exemption provided by financial Reporting Standard 1 and has not prepared a cash flow statement.

2. OPERATING LOSS

The Operating Profit (2003 - Loss) is stated after charging:

	<u>2004</u>	<u>2003</u>
	£	£
Depreciation of Tangible Fixed Assets	339	372
Auditors' Remuneration	1,800	1,000
	<u> </u>	<u> </u>

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 29TH FEBRUARY 2004

3. TANGIBLE FIXED ASSETS

	Plant & Equipment £	Fixtures & Fittings £	Total £
COST			
At 1st March 2003	3,113	7,526	10,639
Additions in the year	154	-	154
	<u>3,267</u>	<u>7,526</u>	<u>10,793</u>
DEPRECIATION			
At 1st March 2003	2,012	6,518	8,530
Charge for the year	188	151	339
	<u>2,200</u>	<u>6,669</u>	<u>8,869</u>
NET BOOK VALUE			
At 29th February 2004	<u>1,067</u>	<u>857</u>	<u>1,924</u>
At 28th February 2003	<u>1,101</u>	<u>1,008</u>	<u>2,109</u>

4. DEBTORS

	<u>2004</u> £	<u>2003</u> £
Amounts due within one year:		
Other Debtors	197,353	198,620
	<u>197,353</u>	<u>198,620</u>

5. INVESTMENTS

	<u>2004</u> £	<u>2003</u> £
Hampton Securities (Market value £1,000)	4,403	4,403
Quantum Investment Trust	25,270,626	19,553,073
Investment in Subsidiaries	4	-
	<u>25,275,033</u>	<u>19,557,476</u>

6. CREDITORS: Amounts Falling Due within One Year

	<u>2004</u> £	<u>2003</u> £
Directors Loan Accounts	9,097,175	17,110,198
Other Creditors	472	2,000
	<u>9,097,647</u>	<u>17,112,198</u>

ESKAR INTERNATIONAL LIMITEDNOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 29TH FEBRUARY 20047. SHARE CAPITAL

	<u>2004</u>	<u>2003</u>
	£	£
Authorised: Ordinary Shares Of £1 each	200,000,000	200,000,000
	<u> </u>	<u> </u>
Allotted, Issued and Fully Paid	125,570,000	117,570,000
	<u> </u>	<u> </u>

8. RECONCILIATION OF MOVEMENTS IN
SHAREHOLDERS' FUNDS

	<u>2004</u>	<u>2003</u>
	£	£
Profit/(Loss) for the financial year	10,964	(26,692)
New share capital subscribed	8,000,000	-
	<u> </u>	<u> </u>
Net addition to shareholders' funds	8,010,964	(26,692)
Opening shareholders' funds	117,467,055	117,493,751
	<u> </u>	<u> </u>
Closing shareholders' funds	125,478,019	117,467,055
	<u> </u>	<u> </u>