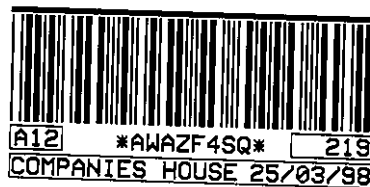


708736

ESKAR INTERNATIONAL LIMITED

FINANCIAL ACCOUNTS FOR THE
YEAR ENDED 31ST MAY 1997



ESKAR INTERNATIONAL LIMITED
FINANCIAL ACCOUNTS
FOR THE YEAR ENDED 31ST MAY 1997

CONTENTS

1. Report of the Directors
2. Report of the Accountants
3. Profit and Loss Account
4. Balance Sheet
5. Notes to Accounts

The following page does not form part of the Statutory Accounts

6. Trading and Profit and Loss Account

DIRECTORS:	S Karimzadeh A Karimzadeh
SECRETARY:	A Karimzadeh
REGISTERED OFFICE:	Boundary House 91-93 Charterhouse Street London EC1 6HR
REGISTERED NUMBER:	708736
ACCOUNTANTS:	Conroy Tobin

ESKAR INTERNATIONAL LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST MAY 1997

The directors present their annual report with the accounts of the company for the year ended 31st May 1997.

PRINCIPAL ACTIVITY

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

DIVIDENDS

The directors do not recommend payment of a dividend for the year.

REVIEW OF BUSINESS

A summary of the results for the year is given on page 3 of the accounts. The directors consider the state of affairs to be satisfactory.

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>1997</u>	<u>1996</u>
S Karimzadeh	63,000	63,000
A Karimzadeh	1,000	1,000

POLITICAL AND CHARITABLE DONATIONS

There were no such donations during the year.

ESKAR INTERNATIONAL LIMITED
REPORT OF THE DIRECTORS (CONTINUED)

FOR THE YEAR ENDED 31ST MAY 1997

STATEMENT OF DIRECTORS' RESPONSIBILITIES

We are required under company law 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 we are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- 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 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, Conroy Tobin are deemed to be re-appointed in accordance with Section 386 of the Companies Act 1985.

SMALL COMPANY EXEMPTIONS

Advantage has been taken in the preparation of this report of special exemptions applicable to small companies.

Signed on behalf of the
board of directors

A. Karimzadeh

A Karimzadeh
Secretary

24th March 1998

AUDITORS' REPORT TO THE SHAREHOLDERS OF
ESKAR INTERNATIONAL LIMITED

We have audited the financial accounts on pages 3 to 5 which have been prepared under the historical cost convention.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 1b 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.

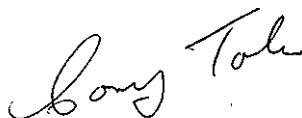
BASIS OF OPINION

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 judgments 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 31st May 1997 and of its loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.



Conroy Tobin

Registered Auditors
Boundary House (3rd Floor)
91-93 Charterhouse Street
London
EC1H 6HR

24th March 1998.

ESKAR INTERNATIONAL LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MAY 1997

	<u>1997</u> £	<u>1996</u> £
TURNOVER	645,713	154,509
Cost of Sales	<u>637,817</u>	<u>119,747</u>
<u>GROSS PROFIT</u>	7,896	34,762
Net Operating Expenses		
Administrative Expenses	<u>21,414</u>	<u>33,963</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES <u>BEFORE TAXATION</u>	(13,518)	799
Tax on Ordinary Activities	<u>-</u>	<u>-</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES <u>AFTER TAXATION</u>	<u>£ (13,518)</u>	<u>£ 799</u>
 <u>STATEMENT OF RETAINED EARNINGS</u>		
Retained Profit Brought Forward	18,064	17,267
Retained (Loss)/Profit for the Year	<u>(13,518)</u>	<u>799</u>
<u>RETAINED PROFIT CARRIED FORWARD</u>	<u>£ 4,546</u>	<u>£ 18,066</u>

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 notes on pages 5a to 5b form part of these accounts.

ESKAR INTERNATIONAL LIMITEDBALANCE SHEET
AS AT 31ST MAY 1997

	<u>Notes</u>	<u>1997</u>	<u>1996</u>
		£	£
FIXED ASSETS			
Tangible Assets	3	3,829	4,506
CURRENT ASSETS			
Stock	1	98,250	104,250
Debtors	4	28,168	34,376
Cash at Bank and in Hand		311	345
		<u>126,729</u>	<u>138,971</u>
CREDITORS : Amounts Falling Due within One Year	5	<u>(56,012)</u>	<u>(55,411)</u>
NET CURRENT ASSETS		<u>70,717</u>	<u>83,560</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>£ 74,546</u>	<u>£ 88,066</u>
CAPITAL AND RESERVES			
Share Capital	6	70,000	70,000
Profit and Loss Account		4,546	18,066
<u>TOTAL SHAREHOLDERS' FUNDS</u>	7	<u>£ 74,546</u>	<u>£ 88,066</u>

In the preparation of the accounts advantage has been taken of special exemptions applicable to small companies under Part I of Schedule 8 to the Companies Act 1985 on the grounds that, in the directors' opinion, the company qualifies as a small company and is entitled to make use of the special exemptions.

Signed on behalf of the
board of directors



S Karimzadeh
Director

Approved by the board: 24 March 1998

The notes on pages 5a to 5b form part of these accounts.

ESKAR INTERNATIONAL LIMITEDNOTES TO ACCOUNTS
FOR THE YEAR ENDED 31ST MAY 19971 ACCOUNTING POLICIES**Basis of Accounting**

The accounts have been prepared under the historical cost convention.

Turnover

Turnover represents the net invoiced sales of goods, excluding Value Added Tax.

Tangible Fixed Assets

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

Equipment	15% on cost
Fixtures and Fittings	15% on cost

STOCK

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 tax.

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 for the year.

2. OPERATING (LOSS)/PROFIT

The Operating Loss (1996 - Profit) is stated after charging:

	<u>1997</u>	<u>1996</u>
	£	£
Depreciation of Tangible Fixed Assets	675	795
Auditors Remuneration	950	950
	<u> </u>	<u> </u>

ESKAR INTERNATIONAL LIMITEDNOTES TO ACCOUNTS
FOR THE YEAR ENDED 31ST MAY 19973. TANGIBLE FIXED ASSETS

	Equipment & Fittings etc	TOTAL
COST OR VALUATION	£	£
At 1st June 1996	9,697	9,697
Additions in year	-	-
	<hr/>	<hr/>
At 31st May 1997	9,697	9,697
	<hr/>	<hr/>
DEPRECIATION		
At 1st June 1996	5,191	5,191
Charge for the year	676	676
	<hr/>	<hr/>
At 31st May 1997	5,867	5,867
	<hr/>	<hr/>
NET BOOK VALUE		
At 31st May 1997	3,829	3,829
	<hr/>	<hr/>
At 31st May 1996	4,506	4,506
	<hr/>	<hr/>

4. DEBTORS

	<u>1997</u>	<u>1996</u>
	£	£
Amounts due within one year:		
Trade Debtors	56,098	62,551
Eskar Trust	(31,050)	(30,050)
Other Debtors	3,120	1,875
	<hr/>	<hr/>
	28,168	34,376
	<hr/>	<hr/>

5. CREDITORS

	<u>1997</u>	<u>1996</u>
	£	£
Amounts falling due within one year:		
Bank Overdraft	-	46,631
Trade Creditors	3,029	3,267
Other Creditors	52,983	5,513
	<hr/>	<hr/>
	56,012	55,411
	<hr/>	<hr/>

6. SHARE CAPITAL

	<u>1997</u>	<u>1996</u>
	£	£
Authorised: Ordinary Shares of £1 each	500,000	500,000
	<hr/>	<hr/>
Allotted, Issued and Fully Paid	70,000	70,000
	<hr/>	<hr/>

7. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1997</u>	<u>1996</u>
	£	£
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	(13,518)	799
	<hr/>	<hr/>
Opening Shareholders' Funds	88,066	87,267
	<hr/>	<hr/>
Closing Shareholders' Funds	74,546	88,066
	<hr/>	<hr/>