



**LONGULF TRADING (UK)
LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2006

Company no 1287237

LONGULF TRADING (UK) LIMITED

FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 2006

Company Registration Number	1287237
Registered Office	Prince Albert House 2 Kingsmill Terrace London NW8 6BN
Directors	D A Saeed H Bastawisi El-Kasar
Secretary	Gray's Inn Secretaries Limited
Bankers	Barclays Bank plc North West Larger Business Team 7th Floor 1 Marsden Street Manchester M2 1HW
Solicitors	Denton Wilde Sapte 1 Fleet Place London EC4M 7WS
Auditors	Grant Thornton UK LLP Registered Auditors Chartered Accountants Grant Thornton House Melton Street Euston Square London NW1 2EP

LONGULF TRADING (UK) LIMITED

FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 2006

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LONGULF TRADING (UK) LIMITED

REPORT OF THE DIRECTORS

For the year ended 31 DECEMBER 2006

The directors present their report together with the audited financial statements for the year ended 31 December 2006

Business review

The principal activity of the company is that of an agent for the general exporting and importing of merchandise

The financial results are set out in the profit and loss account During the year bad debts of £nil (2005 £6,804,634) were written off to the profit and loss account Loans totalling £nil (2005 £6,804,634) were subsequently waived (see note 3 for details)

There was a profit for the year after taxation amounting to £135,522 (2005 £172,207) The directors do not recommend the payment of a dividend

Directors

The directors holding office during the year are shown below

D A Saeed (Yemeni)

H Bastawisi El-Kasar (Egyptian)

Neither of the directors held any interest in the share capital of the company

Financial Risk Management Objectives and policies

The company uses various financial instruments these include related party loans, secured overdraft facilities, cash, and various items such as trade and related party debtors and trade creditors that arise directly from its operations

The main purpose of these financial instruments is to raise finance for the company's operations No transactions in derivatives take place and the main risks from the company financial instruments are currency risk, credit risk and liquidity risk

Currency Risk

The company is exposed to translation and transaction foreign exchange risk In relation to translation risk, as far as possible the assets held in the foreign currency are matched to an appropriate level of borrowings in the same currency Transaction exposure is hedged where known principally using forward currency contracts

Credit Risk

The Company's principal financial assets are its debtors with group and related undertakings

Liquidity Risk

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs The Company finances its operations through a mixture of retained profits, bank borrowings and amounts provided by related undertakings

LONGULF TRADING (UK) LIMITED

REPORT OF THE DIRECTORS

For the year ended 31 DECEMBER 2006

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Company law requires the directors 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 period. In preparing these financial statements, 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 applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

In so far as the directors are aware

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

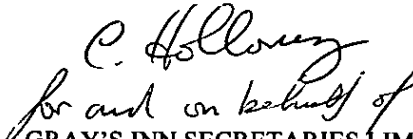
Charitable donations

Charitable donations of £320 (2005 £53,460) were made during the year.

Auditors

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD


for and on behalf of
GRAY'S INN SECRETARIES LIMITED
Secretary
11/10/ 2007

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF LONGULF TRADING (UK) LIMITED

We have audited the financial statements of Longulf Trading (UK) Limited for the year ended 31 December 2006 which comprise the principal accounting policies, the profit and loss account, the balance sheet and notes 1 to 20. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the directors' report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 statements 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 statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
LONGULF TRADING (UK) LIMITED**

Opinion

In our opinion the financial statements

- give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs at 31 December 2006 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985
- the information given in the Directors' Report is consistent with the financial statements for the year ended 31 December 2006

Grant Thornton UK LLP

**GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS**

**LONDON
18 OCTOBER 2007**

LONGULF TRADING (UK) LIMITED

PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 DECEMBER 2006

BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

The principal accounting policies of the company have remained unchanged from the previous year and are set out below

TURNOVER

Turnover comprises amounts invoiced in respect of goods and services supplied during the year, excluding value added tax, where applicable, and intra group sales

DEPRECIATION

Depreciation is calculated at rates designated to write off the difference between cost and estimated residual value of fixed assets across the life of those assets

Motor vehicles	25% per annum on cost
Furniture, fixtures and fittings	25% per annum on cost
Leasehold improvements	15% per annum on cost

DEFERRED TAXATION

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more or less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantially enacted by the balance sheet date.

FOREIGN CURRENCIES

Assets and liabilities expressed in foreign currencies are translated at the rate ruling on the balance sheet date. Transactions during the year are translated using an estimate of the average rate of the year. Gains and losses during the year have been written off through the profit and loss account.

OPERATING LEASES

Payments made under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

CONTRIBUTIONS TO PENSION SCHEMES

Defined Contribution Scheme

The pension costs charged against profits are the contributions payable to the scheme in respect of the accounting period.

LONGULF TRADING (UK) LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 DECEMBER 2006

	Note	2006 £	2005 £
Turnover	1	12,635,614	45,303,827
Cost of sales		<u>(10,068,570)</u>	<u>(42,283,135)</u>
Gross profit		2,567,044	3,020,692
Administrative expenses	3	(2,419,592)	(9,551,335)
Exceptional items	3	<u>-</u>	<u>6,804,634</u>
Operating profit		147,452	273,991
Interest payable and similar charges	2	(4,676)	(4,733)
Interest receivable and similar income		<u>17,866</u>	<u>337</u>
Profit on ordinary activities before taxation	3	160,642	269,595
Tax on profit on ordinary activities	5	<u>(25,120)</u>	<u>(97,388)</u>
Profit for the financial year		<u>135,522</u>	<u>172,207</u>

All transactions arose from continuing operations

There were no recognised gains or losses other than the profit for the financial year

The accompanying accounting policies and notes form an integral part of these financial statements

LONGULF TRADING (UK) LIMITED**BALANCE SHEET AT 31 DECEMBER 2006**

	Note	2006 £	2005 £
Fixed assets			
Tangible assets	6	240,320	164,407
Investments	7	31,000	31,000
		<u>271,320</u>	<u>195,407</u>
Current assets			
Debtors	8	11,055,650	14,742,853
Cash at bank and in hand		22,356	704,343
		<u>11,078,006</u>	<u>15,447,195</u>
Creditors: amounts falling due within one year	9	<u>(9,557,912)</u>	<u>(13,986,710)</u>
Net current assets		<u>1,520,094</u>	<u>1,460,485</u>
Total assets less current assets		<u>1,791,414</u>	<u>1,655,892</u>
Creditors: amounts falling due after more than one year	10	<u>(450,000)</u>	<u>(450,000)</u>
		<u>1,341,414</u>	<u>1,205,892</u>
Capital and reserves			
Called up share capital	12	2,000	2,000
Profit and loss account	14	1,339,414	1,203,892
Shareholders' funds	13	<u>1,341,414</u>	<u>1,205,892</u>
Attributable to			
Equity shareholders' funds		1,340,414	1,204,892
Non-equity shareholders' funds		1,000	1,000
		<u>1,341,414</u>	<u>1,205,892</u>

The financial statements were approved by the Board of Directors on *4 October* 2007



D A SAEED - Director

The accompanying accounting policies and notes form an integral part of these financial statements

LONGULF TRADING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 2006

1 TURNOVER

Turnover comprises amounts invoiced in respect of goods and services supplied during the year, excluding value added tax, where applicable, and intra group sales

A geographical analysis of turnover is

	2006 £	2005 £
United Kingdom	105,854	16,551,552
Overseas	<u>12,529,760</u>	<u>28,752,275</u>
	<u>12,635,614</u>	<u>45,303,827</u>

Of the company's overseas turnover, £2,036,486 (2005 £1,283,322) is to factories located in the Yemen who fall within the HSA group of companies

2 INTEREST PAYABLE AND SIMILAR CHARGES

	2006 £	2005 £
On overdrafts wholly repayable within five years	<u>4,676</u>	<u>4,733</u>

3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit is stated after charging/(crediting)

	2006 £	2005 £
Auditors remuneration		
- audit services	39,300	34,300
- non audit services	5,050	30,838
Depreciation on fixed assets - tangible	56,415	59,944
Hire of office equipment	43,750	30,289
Profit on disposal of fixed assets	(12,665)	(3,350)
Exchange differences	<u>321</u>	<u>(2,563)</u>

Included within administrative expenses is £nil (2005 £6,804,634) of bad debt charge relating to the write off of amounts due from Golden Wonder Limited which went into administration in January 2006

The exceptional credit of £nil (2005 £6,804,634) relates to the waiver of loan balances due to Yemen Gulf Trading, a related party due to its membership of the HSA group of companies (see note 19)

These transactions are expected to be tax neutral

LONGULF TRADING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 2006

4 DIRECTORS AND EMPLOYEES

Staff costs, including directors, during the year were as follows

	2006	2005
	£	£
Wages and salaries	1,611,486	1,751,744
Social security costs	183,190	188,506
Pension costs	83,056	66,500
	<u>1,877,732</u>	<u>2,006,750</u>

The number of employees, including directors during the year was

	2006	2005
	Number	Number
Management and administration	24	26
Sales	18	19
	<u>42</u>	<u>45</u>

Remuneration in respect of directors (including benefits in kind) was as follows

	2006	2005
	£	£
Emoluments	<u>187,064</u>	<u>212,923</u>

The amounts set out above include remuneration in respect of the highest paid director as follows

	2006	2005
	£	£
Emoluments	<u>89,861</u>	<u>90,573</u>

LONGULF TRADING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 2006

5 TAX ON PROFIT ON ORDINARY ACTIVITIES

The taxation charge represents

	2006 £	2005 £
Corporation tax at 30% (2005 30%)	31,829	-
Group relief		
- current year	-	97,388
- overprovision of group relief in respect of prior period	(6,709)	-
	<u>25,120</u>	<u>97,388</u>
Factors affecting the tax charge		
Profit on ordinary activities before tax	160,642	269,595
Profit on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom off 30% (2005 30%)	48,193	80,879
Effect of		
Expenses not deductible for tax purposes	18,889	-
Depreciation in excess of capital allowances	(35,253)	16,509
Prior period adjustment	(6,709)	-
	<u>25,120</u>	<u>97,388</u>

The charge for group relief in 2005 represents amounts payable to other group companies for tax losses surrendered. Deferred tax assets of £68,000 (2005 £104,000) in respect of decelerated capital allowances have not been recognised in these financial statements

6 TANGIBLE FIXED ASSETS

	Motor vehicles £	Furniture, fixtures and fittings £	Leasehold improve- ments £	Total £
Cost				
At 1 January 2006	92,143	343,808	718,557	1,154,508
Additions	-	142,663	-	142,663
Disposals	(41,339)	-	-	(41,339)
At 31 December 2006	<u>50,804</u>	<u>486,471</u>	<u>718,557</u>	<u>1,255,832</u>
Depreciation				
At 1 January 2006	63,707	312,875	613,519	990,101
Provided in the year	9,005	25,255	22,155	56,415
Disposals	(31,004)	-	-	(31,004)
At 31 December 2006	<u>41,708</u>	<u>338,130</u>	<u>635,674</u>	<u>1,015,512</u>
Net book amount at 31 December 2006	<u>9,096</u>	<u>148,341</u>	<u>82,883</u>	<u>240,320</u>
Net book amount at 31 December 2005	<u>28,436</u>	<u>30,933</u>	<u>105,038</u>	<u>164,407</u>

LONGULF TRADING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 2006

7 INVESTMENTS

	Shares in group undertakings £	Other investments £	Total £
Cost			
At 1 January 2006 and 31 December 2006	<u>1,000</u>	<u>30,000</u>	<u>31,000</u>

The shares in group undertakings represent the cost of £1 ordinary shares in Stamrate Limited which is registered in England and Wales, and is a wholly owned subsidiary. Stamrate Limited was dormant during the year and had net assets of £7,618 at 31 December 2006 (2005 £7,618)

8 DEBTORS

	2006 £	2005 £
Amounts owed by other group undertakings - secured	-	4,466,279
Amounts owed by other group undertakings - unsecured	1,058,125	2,541,943
Amounts owed by related undertakings	9,740,948	7,495,112
Other debtors	138,337	128,459
Prepayments and accrued income	118,240	111,060
	<u>11,055,650</u>	<u>14,742,853</u>

Amounts owed by related undertakings comprise amounts due from factories located in the Yemen who fall within the HSA group of companies

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006 £	2005 £
Bank overdraft	8,620,115	6,807,076
Trade creditors	209,634	2,316,352
Amounts owed to group undertakings	483,699	1,025,589
Amounts owed to related undertakings	-	3,509,870
Other taxation and social security	49,198	56,453
Other creditors	-	114,562
Corporation tax	51,224	-
Accruals and deferred income	144,042	156,809
	<u>9,557,912</u>	<u>13,986,710</u>

Amounts owed to related undertakings comprise amounts due to factories located in the Yemen and to Harp Investments Limited who both fall within the HSA group of companies

LONGULF TRADING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 2006

10 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2006 £	2005 £
Interest free long term loan from Yemen Gulf Trading Company	<u>450,000</u>	<u>450,000</u>

There were no fixed repayment terms for this loan

11 PROVISIONS FOR LIABILITIES AND CHARGES

No provision for deferred taxation has been made in these financial statements

12 SHARE CAPITAL

	2006 £	2005 £
Authorised, issued and fully paid		
1,000 ordinary shares of £1 each	1,000	1,000
1,000 deferred shares of £1 each	<u>1,000</u>	<u>1,000</u>
	<u>2,000</u>	<u>2,000</u>

The deferred shares entitle the holder to a fixed non-cumulative dividend at the rate of one per cent per annum for any financial year of the company in respect of which the net distributable profits of the company exceed £50,000,000. On winding-up the holders would receive the return of their capital from any surplus exceeding £50,000,000. The shares are non-voting.

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2006 £	2005 £
Profit for the financial year	135,522	172,207
Shareholders' funds at 1 January 2006	<u>1,205,892</u>	<u>1,033,685</u>
Shareholders' funds at 31 December 2006	<u>1,341,414</u>	<u>1,205,892</u>

14 PROFIT AND LOSS ACCOUNT

	£
At 1 January 2006	1,203,892
Retained profit for the year	<u>135,522</u>
At 31 December 2006	<u>1,339,414</u>

LONGULF TRADING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 2006

15 CAPITAL COMMITMENTS

There were no capital commitments at 31 December 2006 or 31 December 2005

16 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2006 or 31 December 2005

17 CONSOLIDATED FINANCIAL STATEMENTS

The company does not propose to produce consolidated financial statements as it is relying upon the exemption contained in Section 228 of the Companies Act 1985. These financial statements therefore present information about it as an individual undertaking and not about its group.

18 PENSIONS

The Longulf Trading (UK) Limited Retirement and Death Benefit Plan ceased with effect from 1 January 2004. All of the members and their contributions were transferred as at that date to the Golden Wonder Limited Pension Fund. On 31 July 2005, all members were removed from the Golden Wonder Limited Pension Fund. A settlement payment of £25,713 was made on 4 January 2006.

The legal formalities to close the Longulf Trading (UK) Limited Retirement and Death Benefit Plan have not been finalised.

19 PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is Longulf Limited, which is registered in England and Wales and owns 100% of the issued share capital of the company.

The largest group of undertakings with a group accounts reporting requirement is that headed by Europa Investments Holdings SA, incorporated in Luxembourg.

The ultimate parent undertaking is Capital House Investments Limited, incorporated in the Cayman Islands, which is part of the HSA group of companies.

20 TRANSACTIONS WITH RELATED PARTIES

As a wholly owned subsidiary of Europa Investments Holdings S A, the company is exempt from the requirements of Financial Reporting Standard No 8 to disclose transactions with other members of the group headed by Europa Investments Holdings S A.

Transactions and balances with other related parties are disclosed in notes 1, 3, 8, 9 and 10.

Other debtors include a balance owing from a director, D Saeed of £12,470 (2005: £18,470).