Grant Thornton

Financial Statements
Longulf Trading (UK) Limited

For the year ended 31 December 2011

Registered number: 01287237

Company Information

Directors

D A Saeed
H B El-Kasar
N D Marsden
P S Pieri

Company secretary

Gray's Inn Secretaries Limited

Company number

01287237

Registered office

Prince Albert House
2 Kingsmill Terrace
London
NW8 6BN

Auditor

Grant Thornton UK LLP
Chartered Accountants & Statutory Auditor
Grant Thornton House
Melton Street
Euston Square
London
NW1 2EP

Bankers

Barclays Bank plc
North West Larger Business Team
7th Floor
1 Marsden Street
Manchester
M2 1HW

Solicitors

SNR Denton UK LLP
1 Fleet Place
London
EC4M 7WS

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Directors' Report
For the year ended 31 December 2011

The directors present their report and the financial statements for the year ended 31 December 2011

Principal activity and 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

Directors

The directors who served during the year were

D A Saeed
H B El-Kasar
N D Marsden
P S Pieri

Results and dividends

The profit for the year, after taxation, amounted to £187,088 (2010 - £219,849)

The directors have not recommended a dividend

Financial risk management objectives and policies

The company uses various financial instruments these include related party loans, 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 arising from the company's financial instruments are currency risk, credit risk and liquidity risk

Currency Risk
The company is exposed to translation and 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 Translation 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

Directors' responsibilities statement

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Directors' Report

For the year ended 31 December 2011

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they 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 judgments and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006 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

Provision of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

This report was approved by the board and signed on its behalf

D A Saeed
Director
Date 21 June 2012

GrantThornton

Independent Auditor's Report to the Member of Longulf Trading (UK) Limited

We have audited the financial statements of Longulf Trading (UK) Limited for the year ended 31 December 2011, which comprise the Profit and loss account, the Balance sheet and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's member in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's member 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 member for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditor

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at www frc org uk/apb/scope/private cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent Auditor's Report to the Member of Longulf Trading (UK) Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Grant Thornton UK LLP

Philip R Westerman (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
London (Euston)
Date 21/06/12

Profit and Loss Account

For the year ended 31 December 2011

	Note	2011 £	2010 £
Turnover	1,2	**28,738,518**	40,148,154
Cost of sales		**(25,542,352)**	(36,834,807)
Gross profit		**3,196,166**	3,313,347
Administrative expenses		**(2,948,171)**	(3,003,208)
Operating profit	3	**247,995**	310,139
Interest payable and similar charges	6	**(455)**	(209)
Profit on ordinary activities before taxation		**247,540**	309,930
Tax on profit on ordinary activities	7	**(60,452)**	(90,081)
Profit for the financial year	14	**187,088**	219,849

All amounts relate to continuing operations

There were no recognised gains and losses for 2011 or 2010 other than those included in the Profit and loss account

The notes on pages 7 to 15 form part of these financial statements

Balance Sheet
As at 31 December 2011

	Note	£	2011 £	£	2010 £
Fixed assets					
Tangible assets	8		**436,836**		76,360
Investments	9		**1,000**		1,000
			437,836		77,360
Current assets					
Debtors	10	**5,341,492**		6,998,694	
Cash at bank and in hand		**32,024**		22,679	
		5,373,516		7,021,373	
Creditors: amounts falling due within one year	11	**(3,106,930)**		(4,581,399)	
Net current assets			**2,266,586**		2,439,974
Total assets less current liabilities			**2,704,422**		2,517,334
Creditors. amounts falling due after more than one year	12		**(450,000)**		(450,000)
Net assets			**2,254,422**		2,067,334
Capital and reserves					
Called up share capital	13		**2,000**		2,000
Profit and loss account	14		**2,252,422**		2,065,334
Shareholders' funds	15		**2,254,422**		2,067,334

The financial statements were approved and authorised for issue by the board and were signed on its behalf by

D A Saeed
Director
Date 21 June 2012

The notes on pages 7 to 15 form part of these financial statements

Notes to the Financial Statements
For the year ended 31 December 2011

1. Accounting Policies

1.1 Basis of preparation of financial statements

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

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006 These financial statements therefore present information about the company as an individual undertaking and not about its group

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

Turnover includes commission based on a set mark up on administrative expenses

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Leasehold improvements	-	15% per annum on cost
Motor vehicles	-	25% per annum on cost
Fixtures and fittings	-	25% per annum on cost

1.4 Investments

Investments held as fixed assets are shown at cost less provision for impairment

1 5 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate

1.6 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the Profit and loss account

Notes to the Financial Statements
For the year ended 31 December 2011

1. Accounting Policies (continued)

1.7 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

1 8 Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities Financial liabilities are presented as such in the balance sheet Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account Finance costs are calculated so as to produce a constant rate of return on the outstanding liability

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument Dividends and distributions relating to equity instruments are debited direct to equity

1.9 Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement

1.10 Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay 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 substantively enacted by the balance sheet date

Notes to the Financial Statements

For the year ended 31 December 2011

2. 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 as follows

	2011	2010
	£	£
United Kingdom	**238,703**	243,670
Overseas	**28,499,815**	39,904,484
	28,738,518	40,148,154

Of the company's overseas turnover, £1,878,951 (2010 £1,211,393) relates to sales to factories located in Yemen who fall within the HSA group of companies

3. Operating profit

The operating profit is stated after charging

	2011	2010
	£	£
Depreciation of tangible fixed assets		
- owned by the company	**56,932**	89,951
Auditors' remuneration - audit fees	**21,871**	23,040
Auditors' remuneration - non-audit	**7,500**	7,250
Hire of office equipment		
-charge for the year	**27,418**	28,271
Difference on foreign exchange	**2,007**	499

Notes to the Financial Statements
For the year ended 31 December 2011

4. Staff costs

Staff costs were as follows

	2011	2010
	£	£
Wages and salaries	1,758,547	1,807,196
Social security costs	206,276	203,795
Other pension costs	136,995	102,521
	2,101,818	2,113,512

The average monthly number of employees, including the directors, during the year was as follows

	2011	2010
	No.	No
Management and administration staff	23	23
Sales staff	15	18
	38	41

5. Directors' remuneration

	2011	2010
	£	£
Emoluments	340,727	364,896
Company pension contributions to defined contribution pension schemes	54,728	25,125

The highest paid director received remuneration of £102,105 (2010 - £102,105)

6. Interest payable

	2011	2010
	£	£
Interest payable	455	209

Notes to the Financial Statements

For the year ended 31 December 2011

7. Taxation

	2011	2010
	£	£
UK corporation tax charge on profit for the year	**60,452**	90,081

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2010 - higher than) the standard rate of corporation tax in the UK of 26 5% (2010 - 28%) The differences are explained below

	2011	2010
	£	£
Profit on ordinary activities before tax	**247,540**	309,930
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26 5% (2010 - 28%)	**65,598**	86,780
Effects of		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**11,447**	(6,502)
Capital allowances for year in excess of depreciation	**(11,951)**	7,253
Adjustments to tax charge in respect of prior periods	**-**	(1)
Difference in tax rates	**(17)**	-
Under provision in prior year	**(4,625)**	2,551
Current tax charge for the year (see note above)	**60,452**	90,081

Factors that may affect future tax charges

The charge for group relief represents amounts payable to other group companies for tax losses surrendered Deferred tax assets of £33,111 (2010 £48,047) in respect of decelerated capital allowances have not been recognised in these financial statements

Notes to the Financial Statements
For the year ended 31 December 2011

8. Tangible fixed assets

	Leasehold improvement £	Motor vehicles £	Fixtures and fittings £	Total £
Cost				
At 1 January 2011	728,154	35,017	346,706	1,109,877
Additions	376,669	-	40,739	417,408
Disposals	-	-	(9,315)	(9,315)
At 31 December 2011	1,104,823	35,017	378,130	1,517,970
Depreciation				
At 1 January 2011	703,348	32,098	298,071	1,033,517
Charge for the year	27,539	2,919	26,474	56,932
On disposals	-	-	(9,315)	(9,315)
At 31 December 2011	730,887	35,017	315,230	1,081,134
Net book value				
At 31 December 2011	373,936	-	62,900	436,836
At 31 December 2010	24,806	2,919	48,635	76,360

9. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2011 and 31 December 2011	1,000
Net book value	
At 31 December 2011	1,000
At 31 December 2010	1,000

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 (2010 £7,618)

Notes to the Financial Statements

For the year ended 31 December 2011

10. Debtors

	2011	2010
	£	£
Amounts owed by related undertakings	**5,099,861**	6,660,788
Amounts owed by other group undertakings	**2,282**	86,486
Other debtors	**108,741**	125,421
Prepayments and accrued income	**130,608**	125,999
	5,341,492	6,998,694

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

11. Creditors: Amounts falling due within one year

	2011	2010
	£	£
Bank overdrafts	**2,555,477**	3,859,524
Trade creditors	**86,600**	34,738
Amounts owed to group undertakings	**296,614**	432,825
Amounts owed to related undertakings	**1,749**	1,749
Corporation tax	**44,471**	73,476
Social security and other taxes	**56,604**	55,355
Accruals and deferred income	**65,415**	123,732
	3,106,930	4,581,399

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

12. Creditors: Amounts falling due after more than one year

	2011	2010
	£	£
Amounts owed to group undertakings	**450,000**	450,000

The balance detailed above, payable to Yemen Gulf Trading Company, is interest free and has no fixed terms for repayment

Notes to the Financial Statements
For the year ended 31 December 2011

13. Share capital

	2011 £	2010 £
Allotted, called up and fully paid		
1,000 Ordinary shares shares of £1 each	**1,000**	1,000
1,000 Deferred shares shares of £1 each	**1,000**	1,000
	2,000	2,000

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

14. Profit and loss account

	Profit and loss account £
At 1 January 2011	**2,065,334**
Profit for the year	**187,088**
At 31 December 2011	**2,252,422**

15. Reconciliation of movement in shareholders' funds

	2011 £	2010 £
Opening shareholders' funds	**2,067,334**	1,847,485
Profit for the year	**187,088**	219,849
Closing shareholders' funds	**2,254,422**	2,067,334

16. Contingent liabilities

There were no contingent liabilities at 31 December 2011 or 31 December 2010

17. Capital commitments

The company held no capital commitments at 31 December 2011 or 31 December 2010

Notes to the Financial Statements
For the year ended 31 December 2011

18. Related party transactions

Under Financial Reporting Standard 8 the company is exempt from the requirement to disclose transactions with other group companies on the basis that it is a wholly owned subsidiary and its results are consolidated into that of the parent company

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

The entire share capital of Longulf Limited is held by Europa Holdings Limited, an entity incorporated in the Cayman Islands The directors now consider that the smallest and the largest group of undertakings with a group accounts reporting requirement is that headed by Longulf Limited

The ultimate parent undertaking is Capital House Investments Limited, incorporated in the Cayman Islands