



**LONGULF TRADING (UK)
LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2004

LONGULF TRADING (UK) LIMITED

FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 2004

Company Registration Number: 1287237

Registered Office: Prince Albert House
2 Kingsmill Terrace
London
NW8 6BN

Directors: D A Saeed
H Bastawisi El-Kasar
J A R Cook

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 2004

INDEX	PAGE
Report of the directors	1 – 2
Report of the independent auditors	3 – 4
Principal accounting policies	5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8 – 13

LONGULF TRADING (UK) LIMITED

REPORT OF THE DIRECTORS

For the year ended 31 DECEMBER 2004

The directors present their report together with the audited financial statements for the year ended 31 December 2004.

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.

There was a profit for the year after taxation amounting to £112,546 (2003: £135,901). 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)
J A R Cook

None of the directors held any interest in the share capital of the company.

Directors' responsibilities for the financial statements

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 those 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.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

LONGULF TRADING (UK) LIMITED

REPORT OF THE DIRECTORS

For the year ended 31 DECEMBER 2004

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


Director/Authorised Signatory

GRAY'S INN SECRETARIES LIMITED
Secretary

27 September 2005

**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 2004 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 United Kingdom auditing standards.

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 United Kingdom 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 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 of the state of the company's affairs as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



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

LONDON

7 OCTOBER

2005

LONGULF TRADING (UK) LIMITED

PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 DECEMBER 2004

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 2004

	Note	2004 £	2003 £
Turnover	1	29,387,831	28,007,484
Cost of sales		<u>(26,478,582)</u>	<u>(25,112,104)</u>
Gross profit		2,909,249	2,895,380
Administrative expenses		<u>(2,688,163)</u>	<u>(2,711,293)</u>
Operating profit		221,086	184,087
Interest payable and similar charges	2	(4,735)	(429)
Interest receivable and similar income		<u>-</u>	<u>19,180</u>
Profit on ordinary activities before taxation	3	216,351	202,838
Tax on profit on ordinary activities	5	<u>(103,805)</u>	<u>(66,937)</u>
Profit for the financial year		<u>112,546</u>	<u>135,901</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 2004

	Note	2004 £	2003 £
Fixed assets			
Tangible assets	6	128,588	163,549
Investments	7	31,000	31,000
		<u>159,588</u>	<u>194,549</u>
Current assets			
Debtors	8	16,485,300	10,154,074
Cash at bank and in hand		66,472	-
		<u>16,551,772</u>	<u>10,154,074</u>
Creditors: amounts falling due within one year	9	<u>(15,227,675)</u>	<u>(8,977,484)</u>
Net current assets		<u>1,324,097</u>	<u>1,176,590</u>
Total assets less current liabilities		<u>1,483,685</u>	<u>1,371,139</u>
Creditors: amounts falling due after more than one year	10	<u>(450,000)</u>	<u>(450,000)</u>
		<u>1,033,685</u>	<u>921,139</u>
Capital and reserves			
Called up share capital	12	2,000	2,000
Profit and loss account	14	1,031,685	919,139
Shareholders' funds	13	<u>1,033,685</u>	<u>921,139</u>
Attributable to:			
Equity shareholders' funds		1,032,685	920,139
Non-equity shareholders' funds		1,000	1,000
		<u>1,033,685</u>	<u>921,139</u>

The financial statements were approved by the Board of Directors on 27 September 2005.

J A R COOK - Director

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 2004

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:

	2004 £	2003 £
United Kingdom	17,735,262	19,397,527
Overseas	11,652,569	8,609,957
	<u>29,387,831</u>	<u>28,007,484</u>

Of the company's overseas turnover, £1,834,166 (2003: £1,997,871) is to factories located in the Yemen who fall under the common control of the HSA Group, the company's ultimate controlling party.

Turnover includes commission income of £65,344 (2003: £128,765).

2 INTEREST PAYABLE AND SIMILAR CHARGES

	2004 £	2003 £
On overdrafts wholly repayable within five years	<u>4,735</u>	<u>429</u>

3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit is stated after charging/(crediting):

	2004 £	2003 £
Auditors remuneration:		
- audit services	33,000	36,000
- non audit services	26,215	37,815
Depreciation on fixed assets - tangible	65,192	75,498
Hire of office equipment	22,817	29,718
(Profit)/loss on disposal of fixed assets	(6,176)	42
Exchange differences	<u>5,593</u>	<u>2,752</u>

LONGULF TRADING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 2004

4 DIRECTORS AND EMPLOYEES

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

	2004 £	2003 £
Wages and salaries	1,723,716	1,629,448
Social security costs	190,057	174,541
Pension costs	57,068	92,534
	<u>1,970,841</u>	<u>1,896,523</u>

The number of employees, including directors during the year was:

	2004 Number	2003 Number
Management and administration	26	26
Sales	19	18
	<u>45</u>	<u>44</u>

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

	2004 £	2003 £
Emoluments	<u>213,864</u>	<u>217,101</u>

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

	2004 £	2003 £
Emoluments	<u>88,402</u>	<u>87,261</u>

LONGULF TRADING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 2004

5 TAX ON PROFIT ON ORDINARY ACTIVITIES

The taxation charge represents:

	2004 £	2003 £
Corporation tax at 30% (2003: 30%)	-	-
Group relief:		
- current year	72,580	66,937
- prior years	31,225	-
	<u>103,805</u>	<u>66,937</u>
Factors affecting the tax charge		
Profit on ordinary activities before tax	216,351	202,838
Profit on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 30% (2003: 30%)	64,905	60,851
Effect of:		
Expenses not deductible for tax purposes	-	7,293
Depreciation in excess of capital allowances	19,557	(1,207)
Adjustments in respect of prior year - group relief	31,225	-
Other	(11,882)	-
	<u>103,805</u>	<u>66,937</u>

The charge for group relief represents amounts payable to other group companies for tax losses surrendered.

6 TANGIBLE FIXED ASSETS

	Motor vehicles £	Furniture, fixtures and fittings £	Leasehold improve- ments £	Total £
Cost				
At 1 January 2004	116,273	327,214	629,838	1,073,325
Additions	25,685	12,334	2,539	40,558
Disposals	(29,150)	(4,042)	-	(33,192)
At 31 December 2004	<u>112,808</u>	<u>335,506</u>	<u>632,377</u>	<u>1,080,691</u>
Depreciation				
At 1 January 2004	56,765	264,832	588,179	909,776
Provided in the year	23,397	32,483	9,312	65,192
Disposals	(18,826)	(4,039)	-	(22,865)
At 31 December 2004	<u>61,336</u>	<u>293,276</u>	<u>597,491</u>	<u>952,103</u>
Net book amount at 31 December 2004	<u>51,472</u>	<u>42,230</u>	<u>34,886</u>	<u>128,588</u>
Net book amount at 31 December 2003	<u>59,508</u>	<u>62,382</u>	<u>41,659</u>	<u>163,549</u>

LONGULF TRADING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 2004

7 INVESTMENTS

	Shares in group undertakings £	Other investments £	Total £
Cost			
At 1 January 2004 and 31 December 2004	<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 2004 (2003: £7,618).

8 DEBTORS

	2004 £	2003 £
Trade debtors	-	31,188
Amounts owed by other group undertakings	8,094,611	3,855,105
Amounts owed by related undertakings	7,831,090	5,876,925
Other debtors	413,137	269,745
Prepayments and accrued income	146,462	121,111
	<u>16,485,300</u>	<u>10,154,074</u>

Amounts owed by related undertakings comprise amounts due from factories located in the Yemen who fall under the common control of the HSA Group, the company's ultimate controlling party.

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 £	2003 £
Bank overdraft	7,696,856	5,159,214
Trade creditors	2,921,932	2,703,927
Amounts owed to group undertakings	1,113,678	900,577
Amounts owed to related undertakings	3,203,470	33,086
Other taxation and social security	57,418	46,207
Other creditors	100,466	2,592
Accruals and deferred income	133,855	131,881
	<u>15,227,675</u>	<u>8,977,484</u>

Amounts owed to related undertakings comprise amounts due to factories located in the Yemen who fall under the common control of the HSA Group, the company's ultimate controlling party.

LONGULF TRADING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 2004

10 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2004 £	2003 £
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

	2004 £	2003 £
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

	2004 £	2003 £
Profit for the financial year	112,546	135,901
Shareholders' funds at 1 January 2004	<u>921,139</u>	<u>785,238</u>
Shareholders' funds at 31 December 2004	<u>1,033,685</u>	<u>921,139</u>

14 PROFIT AND LOSS ACCOUNT

	£
At 1 January 2004	919,139
Retained profit for the year	<u>112,546</u>
At 31 December 2004	<u>1,031,685</u>

LONGULF TRADING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 2004

15 CAPITAL COMMITMENTS

There were no capital commitments at 31 December 2004 or 31 December 2003.

16 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2004 or 31 December 2003.

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 on 1 January 2004. All of the members and their contributions have been transferred as at that date to Golden Wonder Limited Pension Fund. The final legal formalities have not yet been completed and the settlement payment due to the Golden Wonder Limited Pension Fund, has not been finalized.

19 PARENT UNDERTAKING AND CONTROLLING PARTY

The 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 for which group accounts have been drawn up is that headed by Longulf Limited. The ultimate parent undertaking, is Europa Investments Holdings SA, incorporated in Luxembourg. Copies of the financial statements for Longulf Limited can be obtained from Companies House.

The ultimate controlling party by virtue of common directorship and shareholdings is the Hayel Saeed Anam (HSA) Group which is controlled by a Yemeni based family.

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, 8, 9 and 10.

Other debtors include a balance owing from a director, D Saeed of £24,470 (2003: £30,470).