

OSKMET (DRI) LIMITED

COMPANY REGISTRATION NUMBER : 3222077

**ACCOUNTS
FOR THE YEAR ENDED
31 DECEMBER 2004**



**1 GROSVENOR CRESCENT
LONDON
SW1X 7EF**

**OSKMET (DRI) LIMITED
DIRECTORS' REPORT**

FOR THE YEAR ENDED 31 DECEMBER 2004

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

PRINCIPAL ACTIVITY:

The company's principal activity is that of trading in steel products.

REVIEW OF BUSINESS AND FUTURE PROSPECTS:

No trading opportunities arose during the year.

However, the company is keen to maintain its London trading base and facilities to develop and expand its steel trading activities .

RESULTS AND DIVIDENDS:

The results of the company for the year to 31 December 2004 are set out in detail on page 5.

DIRECTORS AND THEIR SHAREHOLDINGS:

The directors who served during the year and their interests in the share capital of the company were as follows:

	<u>Ordinary Shares of £1 each</u>	
	<u>31.12.2004</u>	<u>1.1.2004</u>
Ms. Lisa Gilmore	-	-
Intervect INC	-	-

DIRECTORS' RESPONSIBILITIES:

Statement of directors' responsibilities in respect of the accounts

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 judgments and estimates that are reasonable and prudent;
- * state whether the Financial Reporting Standard for Smaller Entities has 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 which 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.

**OSKMET (DRI) LIMITED
DIRECTORS' REPORT (CONTINUED)**

FOR THE YEAR ENDED 31 DECEMBER 2004

AUDITORS

Reza Samii Chartered Accountant has expressed his willingness to continue in office and a resolution to reappoint him will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board:

Lisa Gilmore..........Director

Date: 21/10/.....2005

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
OSKMET (DRI) LIMITED**

FOR THE YEAR ENDED 31 DECEMBER 2004

We have audited the financial statements of Oskmet (DRI) Limited on pages 5 to 12 for the year ended 31 December 2004 which comprise of Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective Responsibilities of Directors and Auditors:

As described in the Statement of Directors' Responsibilities on page 1, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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.

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 the information specified by law regarding Directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit 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 judgments 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 mis-statement, 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.

Continued...

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
OSKMET (DRI) LIMITED (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2004

Going concern:

Without qualifying our audit report we draw attention to the matter in note 12 which states that until sufficient income is generated by the company, the creditors have undertaken to provide continued support to the company to enable it to operate as a going concern in the foreseeable future.

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 loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

19 Cornerways
1 Daylesford Avenue
London SW15 5QP



Reza Samii

Chartered Accountant and
Registered Auditor.

Date:21/10/..... 2005 .

OSKMET (DRI) LIMITED
PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2004

	Notes	31.12.2004 \$	31.12.2003 \$
Turnover	1 (b)	0	0
Cost of sales		0	0
Gross Profit		0	0
Administrative expenses		(14,839)	(48,979)
Operating profit / (loss)	2	(14,839)	(48,979)
Less : provision against non trading debts - exceptional	2	0	(234,237)
		(14,839)	(283,217)
Interest payable	4	(1)	(79)
Interest receivable		0	280
Profit / (loss) on ordinary activities before taxation		(14,840)	(283,016)
Taxation	5	0	16,100
Profit/ (loss) for the year after taxation		(14,840)	(266,916)
Dividends for the year - final		0	0
Retained profit/ (loss) for the year		(14,840)	(266,916)
Balance brought forward		(44,229)	222,687
Balance carried forward		(59,069)	(44,229)

Statement of Total Recognised Gains and Losses

For the year ended 31 December 2004

There are no recognised gains and losses other than those passing through the profit and loss account

All amounts relate to continuing activities.

Notes 1 to 12 form part of these accounts

OSKMET (DRI) LIMITED
BALANCE SHEET

AS AT 31 DECEMBER 2004

	Notes	2004	2003
		\$	\$
CURRENT ASSETS			
Debtors	6	3,525	3,221
Bank balances		<u>30,643</u>	<u>2,756</u>
		34,168	5,977
CREDITORS : Amount falling due within one year	7	<u>(93,234)</u>	<u>(50,202)</u>
NET CURRENT ASSETS/(LIABILITIES):		<u>(59,066)</u>	<u>(44,226)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>(\$ 59,066)</u></u>	<u><u>(\$ 44,226)</u></u>
CAPITAL AND RESERVES:			
Called up share capital	8	3	3
Profit and loss account		<u>(59,069)</u>	<u>(44,229)</u>
Equity shareholders' funds/(deficit)	9	<u><u>(\$ 59,066)</u></u>	<u><u>(\$ 44,226)</u></u>

These accounts were approved by the board on 21/10/2005 and signed on its behalf.

Ms Lisa Gilmore..........Director

Notes 1 to 12 form part of these accounts

OSKMET (DRI) LIMITED
CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2004

	2004	2003
	\$	\$
Net cash in/outflow from operating activities - see page 8	<u>A</u> 27,965	(323,741)
Returns on investments and servicing of finance		
Interest received	0	280
Interest paid	<u>(1)</u>	<u>(79)</u>
Net cash in/outflow from returns on investments and servicing of finance	(1)	201
Taxation		
Corporation tax paid	0	0
Capital expenditure		
Payments to acquire tangible assets	0	0
Equity dividends paid		
Final dividends	0	0
Increase/(Decrease) in cash in the year	<u>B & C</u> <u>27,964</u>	<u>(323,541)</u>

Notes 1 to 12 form part of these accounts

OSKMET (PRI) LIMITED
NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2004

A	Reconciliation of operating profit/(loss) to net cash in/out flow from operating activities	2004 \$	2003 \$
	Operating profit/(loss)	(14,839)	(283,217)
	Depreciation of tangible assets	0	3,261
	Decrease/(increase) in debtors	(304)	(3,221)
	Increase/(Decrease) in creditors within one year	43,107	(40,565)
	Net cash in/(outflow) from operating activities	27,965	(323,741)

B	Analysis of net funds	01-Jan 2004	Cash flow	Other non- cash changes	31-Dec 2004
		\$	\$	\$	\$
	Cash at bank and in hand	2,753	27,890	0	30,643
	Debts falling due within one year	(75)	75	0	0
	Net funds	2,678	27,965	0	30,643

C	Reconciliation of net cash flow to movement in net funds	2004 \$	2003 \$
	Increase/ (decrease) in cash in the year	27,965	(323,541)
	Movement in net funds in the year	27,965	(323,541)
	Opening net funds	2,678	326,221
	Closing net funds	30,643	2,680

Notes 1 to 12 form part of these accounts

OSKMET (DRI) LIMITED
NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2004

1 . ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the Company's accounts.

a) ACCOUNTING CONVENTION:

The accounts have been prepared under the historical cost convention and on a going concern basis.

The financial statements are presented in US dollars as this is the currency in which the majority of transactions are executed.

b) TURNOVER:

Turnover represents the invoiced value of goods and services supplied by the company, net of value added tax and trade discounts.

c) TANGIBLE FIXED ASSETS AND DEPRECIATION:

Depreciation on fixed assets is provided at rates estimated to write off the cost or revalued amounts, less estimated residual value, of each asset over its expected useful life as follows:

Office equipment	20% straight line p.a.
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d) FOREIGN CURRENCIES:

Transactions denominated in foreign currencies are translated into US dollars at the average rate of exchange for the accounting period. Monetary assets and liabilities denominated in foreign currencies are translated into US \$ at rate of exchange ruling at the end of the financial year.

All differences are taken to the profit and loss account.

	2004 \$	2003 \$
2 . PROFIT / (LOSS) ON ORDINARY ACTIVITIES		
The operating result is stated after charging / (crediting):		
Auditors' remuneration;-		
- audit fees	3,658	5,433
Management and administrative charges (note 3)	0	37,145
Depreciation charges	0	3,261
Directors' fees	6,402	4,699
Investment research and analysis fees	0	9,809
Exchange (gain) / loss	<u>(200)</u>	<u>(23,508)</u>

EXCEPTIONAL ITEMS:-

Provision against non-trading debt with Eastern European Income Fund (BVI) Ltd - (former holding company)	<u>0</u>	<u>234,237</u>
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OSKMET (DRI) LIMITED
NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2004

3 . INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The company had no employees in the year (2003: none).

The company continued to share premises and receive corporate services from Global Natural Energy Plc and its associated undertaking Europe Steel Plc, post its disposal by the former company in August 2002. During the year these services amounted to US\$ NIL (2003: US\$ 37,145). The year end balances were US\$ NIL.

	2004 \$	2003 \$
4 . INTEREST PAYABLE AND SIMILAR CHARGES		
Bank Loans	1	79
Bank Charges	0	0
	<u>1</u>	<u>79</u>

	2004 \$	2003 \$
5 . CORPORATION TAX		
UK corporation tax - @ 0% (2003 - 0%)	0	0
Over provision in respect of prior years	0	(16,100)
	<u>0</u>	<u>(16,100)</u>

There is no tax charge for the year based on the results.

Analysis of charge in the period:

Current tax on result for the period at 30%	(4,452)	(84,905)
Adjustments for current year non taxable debits	384	70,271
Adjustments in respect of prior years	0	(16,100)
Capital allowances and depreciation adjustment	(305)	572
Trading losses carried forward	4,372	14,061
	<u>(0)</u>	<u>(16,100)</u>

	2004 \$	2003 \$
6 . DEBTORS- amounts falling due within 1 year:-		
VAT	3,525	3,221
	<u>3,525</u>	<u>3,221</u>

OSKMET (DRI) LIMITED
NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2004

	2004 \$	2003 \$
7 . CREDITORS-amounts falling due within 1 year:-		
Bank loans and overdrafts	0	75
Trade creditors	0	4,099
Director's current account	4,995	4,699
Accruals and deferred income	7,136	11,470
Amounts owed to fellow subsidiary company	81,103	29,859
	<u>93,234</u>	<u>50,202</u>
 8 . SHARE CAPITAL	 2004 Number	 2003 Number
Authorized:		
1000 Ordinary shares of £1 each	<u>1000</u>	<u>1000</u>
 Issued and fully paid:	 2004 US\$	 2003 US\$
2 Ordinary shares of £1 each	<u>3</u>	<u>3</u>
 9 . RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	 2004 US\$	 2003 US\$
Profit / (loss) for the year	(14,840)	(266,916)
Equity dividend paid	<u>0</u>	<u>0</u>
Net Increase / (decrease) in shareholders' funds	(14,840)	(266,916)
Opening shareholders' funds	(44,226)	222,690
Closing shareholders' funds/(deficit)	<u>(59,066)</u>	<u>(44,226)</u>

10 . RELATED PARTY INFORMATION

During the year, company's expenses amounting to US\$ 51,244 were paid by fellow subsidiary company Oskmet UK Limited. Balance due to Oskmet UK Limited as at 31 December 2004 amounted to US\$ 81,103 (see note 7).

Additional related party information is provided in notes 2 and 3 to the accounts.

**OSKMET (DRI) LIMITED
NOTES TO THE ACCOUNTS**

FOR THE YEAR ENDED 31 DECEMBER 2004

11 . ULTIMATE PARENT COMPANY

Middlesex Holdings Plc, a company registered in England and Wales, disposed of its 100% controlling interest in the company to Eastern European Income Fund (BVI) Limited ('EEIF') on 9 August 2002.

On 30th October 2002, EEIF (BVI) Limited sold its entire interest to Sam Invest Limited, a company incorporated and registered in Limassol, Cyprus.

12 . FINANCIAL POSITION

The accounts have been prepared on a going concern basis as the company's creditors have undertaken, until sufficient income is generated by the company, to continue their financial support to enable the company to operate as a going concern in the foreseeable future.

In view of the nature of the balances in the company's balance sheet as at 31 December 2004, (monetary assets and liabilities), the balance sheet would not be significantly different had an alternative basis of accounting been adopted.