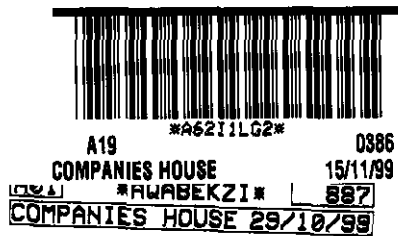


H S INVESTMENTS (UK) LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1998

CO.NO. 03369839



S35HSI98

H S INVESTMENTS (UK) LIMITED

REPORT OF THE DIRECTOR

The director has pleasure in presenting his report together with the accounts of the company for the year ended 31 December 1998.

Principal activity

The company carries on the business of property development and management.

Results and dividends

The results of the operations for the year ended 31 December 1998 are set out in the Profit & Loss Account. It is proposed that the profit for the year in the sum of £ 94, 014 be transferred to reserves.

The director does not recommend the payment of a dividend for the year ended 31 December 1998.

Directors

The director who served during the year ended 31 December 1998 together with his interests in the £1 ordinary shares of the company was as follows:-

	<u>No. of £1 ordinary shares</u>
Mr H Verahramian	1

This report has been prepared in accordance with the special provisions of Part VII Companies Act 1985.

ON BEHALF OF THE BOARD

X

MR A Ebrahim Secretary
MR A EBRAHIM

X

25 October 1999

25A Kenton Park Parade
Kenton
Middx HA3 8DN

H S INVESTMENTS (UK) LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 1998

	<u>Note</u>	<u>1998</u> £	<u>1997</u> £
Turnover	2	179,826	20,000
Cost of sales		(36,005)	(2,204)
Gross profit		143,821	17,796
Administrative expenses		(25,461)	(19,835)
Deposit interest		56	-
Profit/(Loss) before tax	3	118,416	(2,039)
Taxation	4	24,402	-
Profit/(Loss) for the year		94,014	(2,039)
Retained loss b/fwd		(2,039)	-
Retained profit/(loss) c/fwd		91,975	(2,039)

There were no recognised gains and losses during either the current year or the preceding period other than those included in the Profit & Loss Account.

The accompanying notes are an integral part of these financial statements.

H S INVESTMENTS (UK) LIMITED

BALANCE SHEET AS AT 31 DECEMBER 1998

		<u>1998</u>		<u>1997</u>	
	£		£		£
<i>Fixed assets</i>					
Tangible assets			438		438
<i>Current assets</i>					
Debtors	5	56,325		2	
Cash at bank		66,942		4,826	
		<u>123,267</u>		<u>4,828</u>	
<i>Creditors</i>					
Amounts falling due within one year	6	(31,728)		(6,865)	
Net current assets/(liabilities)			<u>91,539</u>		<u>(2,037)</u>
Net assets/(liabilities)			<u>91,977</u>		<u>(2,037)</u>
<i>Capital and reserves</i>					
Called up share capital	7		2		2
Profit and loss account			91,975		(2,039)
Shareholders' funds	8		<u>91,977</u>		<u>(2,037)</u>

The directors consider that the company is entitled to exemption from the requirement to have an audit under the provisions of Section 249A(1) Companies Act 1985. Shareholders holding 10% or more of the nominal value of the company's issued share capital have not issued a notice requiring an audit under Section 249B Companies Act 1985. The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with Section 221 Companies Act 1985 and for preparing financial statements which give a true and fair view of the state of affairs of the company as at 31 December 1998 and of its profit for the year then ended in accordance with the requirements of Section 226 Companies Act 1985 and which otherwise comply with the requirements of the Act relating to the accounts so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions of Part VII Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities.

ON BEHALF OF THE BOARD

.....
MR H YERAHRAMIAN

25 October 1999

The notes on pages 4 - 5 form part of these financial statements.

H S INVESTMENTS (UK) LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 DECEMBER 1998

1. *Accounting policies*

The principal accounting policies are set out below:-

(a) *Accounting convention*

The accounts have been prepared under the historical cost convention and in accordance with Financial Reporting Standard for Smaller Entities. The accounts include the results of the company's operations which are described in the directors report and all of which are continuing.

(b) *Deferred taxation*

Deferred taxation is provided on the liability method on all short term timing differences. Provision is also made for long term timing differences except for those which are not expected to reverse in the foreseeable future.

(c) *Cash flow statement*

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a small company under Section 246-249 Companies Act 1985.

2. *Turnover*

Turnover represents the total amount receivable by the company in the ordinary course of business for goods supplied and services provided excluding VAT.

3. *Profit/(Loss) on ordinary activities before taxation*

Profit/(Loss) on ordinary activities before taxation is stated after charging:-

	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
Directors remuneration	<u>-</u>	<u>11,000</u>

4. *Taxation*

	<u>£</u>	<u>£</u>
Corporation tax at 21%	24,402	Nil

5. *Debtors*

	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
Trade debtors	5,475	-
Other debtors	50,848	-
Uncalled share capital	<u>2</u>	<u>2</u>
	<u>56,325</u>	<u>2</u>

H S INVESTMENTS (UK) LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 DECEMBER 1998

6. *Creditors - Amounts falling due within one year:*

	<u>1998</u>	<u>1997</u>
	£	£
Trade creditors	-	1,406
Other creditors	-	481
Accruals	7,326	1,510
Corporation tax	24,402	
Other taxes and social security	-	3,468
	<u>31,728</u>	<u>6,865</u>

7. *Called up share capital*

	<u>1998</u>	<u>1997</u>
	£	£
Authorised:		
1000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Issued but unpaid:		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

8. *Movement in shareholders' funds*

	<u>1998</u>	<u>1997</u>
	£	£
Opening shareholders' funds at 1.1.98	(2,037)	-
Profit/(Loss) for the year	94,014	(2,039)
Shares issued during the period	-	2
Closing shareholders' funds at 31.12.97	<u>91,977</u>	<u>(2,037)</u>

H S INVESTMENTS (UK) LIMITED
DETAILED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 1998

	<u>1998</u>		<u>1997</u>
	£	£	£
Sales		179,826	20,000
<i>Cost of sales</i>			
Commission	35,266		2,000
Couriers	630		119
Advertising	-		57
Sundry	109		28
	_____	(36,005)	(2,204)
		_____	_____
Gross profit		143,821	17,796
Deposit interest		56	-
<i>Expenditure</i>			
Salaries and wages	9,408		11,000
Rent	2,585		1,802
Rates	2,506		368
Subscriptions and publications	1,049		129
Light and heat	289		260
Postage and carriage	603		742
Telephone	3,776		1,966
Stationery	525		816
Accountancy and book-keeping	2,600		2,373
Repairs and renewals	401		71
Cleaning	351		229
Premises expenses	-		79
Legal fees	863		-
Bank interest and charges	505		-
	_____	(25,461)	(19,835)
		_____	_____
Profit/(Loss) for the period before taxation		118,416	(2,039)
Taxation		24,402	
		_____	_____
Profit for the year after taxation		94,014	(2,039)
		_____	_____

H S INVESTMENTS (UK) LIMITED

TAX COMPUTATIONS BASED ON THE ACCOUNTS

YEAR ENDED 31 DECEMBER 1998

	£
Profit for the year before taxation (per accounts)	118,416
Less : Capital Allowances	(175)
Sch D case I Profit	118,241
Less : Losses b/fwd	(2,039)
Sch D case I Profit	116,202
<u>Taxed as follows</u>	
1/1/98 – 31/3/98 – 29,051 @ 21%	6100,71
1/4/98 – 31/12/98 – 87,151 @ 21%	18301,71
Total Tax Liability	24,402.42

CAPITAL ALLOWANCES

<u>Additions</u>	438
FYA @ 40%	(175)
WDV C/fwd	263