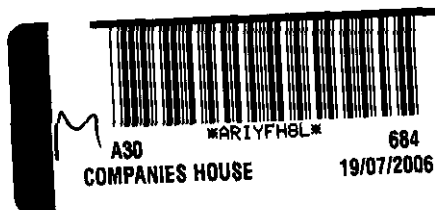


REGISTERED NUMBER: 3555629
England and Wales

VIKASH INVESTMENTS LIMITED

ANNUAL REPORT AND ACCOUNTS

31ST DECEMBER 2005



BROUGHTON & CO LIMITED
REGISTERED AUDITORS
CHARTERED CERTIFIED ACCOUNTANTS

VIKASH INVESTMENTS LIMITED

| | |
|--------------------|---|
| DIRECTOR: | D Buckle |
| SECRETARY: | Oxford Computing Services (OCS) Limited |
| REGISTERED OFFICE: | 144-146 St John's Hill Sevenoaks Kent TN13 3PF United Kingdom |
| REGISTERED NUMBER: | 3555629 |
| BANKERS: | Lloyds TSB Plc 7 High Street Leicester, LE1 9FS United Kingdom |

ANNUAL REPORT AND ACCOUNTS - 31 DECEMBER 2005

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The following page does not form part of the statutory accounts:

| | |
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| Detailed Profit and Loss Account | 8 |
|----------------------------------|---|

VIKASH INVESTMENTS LIMITED**REPORT OF THE DIRECTOR**

The director presents his annual report with the accounts of the company for the year ended 31 December 2005.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was investment in properties, general investments and the operation of a representative office in Belarus.

DIRECTORS AND THEIR INTERESTS IN SHARES

The director in office in the year under review and his beneficial interest in the company's issued ordinary share capital was as follows:

| | <u>31st December 2005</u> | <u>1st January 2005</u> |
|----------|---------------------------|-------------------------|
| D Buckle | - | - |


DIRECTOR'S RESPONSIBILITIES

Company law requires the directors to prepare accounts 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 year. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Signed on behalf of the board of directors


Oliver Deputy Senior (ocd) Ltd
Secretary

Date approved by the board: 23rd May 2006

ACCOUNTANTS' REPORT TO THE DIRECTOR ON THE UNAUDITED**ACCOUNTS FOR****VIKASH INVESTMENTS LIMITED**

We report on the accounts for the year ended 31 December 2005 set out on pages 3 to 7. The accounts comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, and related notes.

This report is made solely to the company's board of directors, as a body, in accordance with the terms of our engagement. Our work has been undertaken so that we might compile the accounts that we have been engaged to compile, report to the company's board of directors that we have done so, and state those matters that we have agreed to state to them in this 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 board of directors, as a body for our work or for this report.*

Respective responsibilities of directors and reporting accountants

As described on page 4 the company's director is responsible for the preparation of the accounts showing a true and fair view and he considers that the company is exempt from an audit.

In order to assist you to fulfil your statutory responsibilities, you have instructed us, in a letter of engagement, to compile the annual accounts based on the accounting records maintained by the company and the information and explanations supplied to us.

Basis of engagement

We have carried out our engagement in accordance with technical guidance issued by the Association of Chartered Certified Accountants and have complied with ethical guidance laid down by the Association relating to members undertaking the compilation of accounts.

We have a professional duty to compile accounts which conform with generally accepted accounting principles. We planned our work on the basis that no report is required by statute or regulation for the year. Our work as the compilers of the annual accounts is not an audit of the accounts in accordance with auditing standards. Consequently, our work does not provide assurance that the accounting records or accounts are free from material misstatement, whether caused by fraud, other irregularities or error and, accordingly, no such assurance or opinion is given by us, whether implied or expressed.

Report

We report that, in accordance with your instructions and in order to assist you to fulfil your responsibilities, we have compiled, without carrying out an audit, the accounts from the accounting records of the company and from the information and explanations supplied to us.

Brown & Co Ltd

23rd May 2006.

CHARTERED CERTIFIED ACCOUNTANTS
REGISTERED AUDITORS
7 Hillside Avenue
Worthing
West Sussex, BN14 9QR
United Kingdom

VIKASH INVESTMENTS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2005

| | Notes | <u>2005</u> US\$ | <u>2004</u> US\$ |
|--|-------|---------------------------|---------------------------|
| TURNOVER | 2 | 109,981 | 101,685 |
| Administration expenses | | <u>(150,532)</u> | <u>(152,286)</u> |
| OPERATING LOSS | 3 | (40,551) | (50,601) |
| Investment income | | <u>3,064</u> | <u>4,914</u> |
| | | (37,487) | (45,687) |
| Amounts provided against investments | | <u>(9,694)</u> | <u>-</u> |
| LOSS on ordinary activities before taxation | | (47,181) | (45,687) |
| Taxation | | <u>-</u> | <u>-</u> |
| LOSS for the financial year after taxation | | (47,181) | (45,687) |
| Dividends paid or proposed | | <u>-</u> | <u>-</u> |
| RETAINED LOSS for the financial year | | (47,181) | (45,687) |
| RETAINED LOSS at 1 January 2005 | | <u>(250,630)</u> | <u>(204,943)</u> |
| RETAINED LOSS at 31 December 2005 | | <u><u>(\$297,811)</u></u> | <u><u>(\$250,630)</u></u> |

CONTINUING OPERATIONS

All of the company's activities in the above two financial years derived from continuing operations.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the losses for the above two financial years.

VIKASH INVESTMENTS LIMITED


BALANCE SHEET - 31 DECEMBER 2005

| | Notes | US\$ | 2005 US\$ | US\$ | 2004 US\$ |
|--|-------|-----------------|------------------|------------------|------------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 4 | | 633,382 | | 666,514 |
| Investments | 5 | | <u>1,047,162</u> | | <u>1,047,162</u> |
| | | | 1,680,544 | | 1,713,676 |
| CURRENT ASSETS | | | | | |
| Investments | 6 | 98,438 | | 108,132 | |
| Cash at bank and in hand | | <u>60,391</u> | | <u>70,837</u> | |
| | | 158,829 | | 178,969 | |
| CREDITORS: amounts falling due within one year | 7 | <u>(17,184)</u> | | <u>(543,275)</u> | |
| NET CURRENT LIABILITIES | | | 141,645 | | (364,306) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 1,822,189 | | 1,349,370 |
| CREDITORS: amounts falling due after more than one year | 8 | | (1,270,000) | | (750,000) |
| NET ASSETS | | | <u>\$552,189</u> | | <u>\$599,370</u> |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 9 | | 850,000 | | 850,000 |
| Profit and loss account | | | <u>(297,811)</u> | | <u>(250,630)</u> |
| SHAREHOLDERS' FUNDS | 10 | | <u>\$552,189</u> | | <u>\$599,370</u> |

For the financial year ended 31 December 2005, the company was entitled to exemption from audit under section 249A (1) of the Companies Act 1985 and no notice has been deposited under section 249B (2). The director acknowledges his responsibility for ensuring that the company keeps accounting records which comply with section 221 of the Act and preparing accounts, which give a true and fair view of the state of affairs of the company as at the end of the year and of its profit or loss for the financial year in accordance with the requirements of section 226 and which otherwise comply with requirements of the Companies Act 1985, so far as applicable to the company.

These accounts have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985 (and with the Financial Reporting Standards for Smaller Entities (effective June 2002)).

Signed on behalf of the board of directors



Director

Date approved by the board: 23rd May 2006

VIKASH INVESTMENTS LIMITED**NOTES TO THE ACCOUNTS - 31 DECEMBER 2005****1 ACCOUNTING POLICIES**Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Cash flow

The accounts do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 'Cash flow statements'.

Turnover

Turnover represents the total amount receivable by the company during the year in the ordinary course of business for services provided.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

| | |
|----------------|---------------|
| Buildings | over 25 years |
| Motor vehicles | over 5 years |
| Equipment | over 5 years |

Investments

Fixed asset investments are stated at cost less provision for permanent diminution in value.

Foreign currency translation

Transactions in foreign currencies are converted into US dollars using the rate of exchange applicable on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into US dollars using the rate of exchange applicable at the balance sheet date. Exchange differences are dealt with through the Profit and Loss Account.

Deferred taxation

Deferred tax is provided, where material, on the liability method to take account of timing differences between the treatment of certain items for accounts puproses and their treatment for tax purposes. The company has not adopted a policy of discounting deferred tax assets and liabilities.

2 TURNOVER

The turnover is attributable to the one principal activity of the company performed outside of the United Kingdom.

VIKASH INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 2005

3 OPERATING LOSS

The operating loss (2004: loss) is stated after charging:

Depreciation of tangible fixed assets

2005

US\$

34,392

2004

US\$

43,590

Directors' emoluments

-

-

4 TANGIBLE FIXED ASSETS

| | Buildings US\$ | Motor Vehicles US\$ | Equipment US\$ | Total US\$ |
|----------------------------|-------------------|---------------------------|-------------------|---------------|
| Cost | | | | |
| At 1 January 2005 | 826,962 | 47,250 | 4,678 | 878,890 |
| Additions | - | - | 1,260 | 1,260 |
| Disposals | - | - | - | - |
| At 31 December 2005 | 826,962 | 47,250 | 5,938 | 880,150 |
| Depreciation | | | | |
| At 1 January 2005 | 162,874 | 47,250 | 2,252 | 212,376 |
| Disposals | - | - | - | - |
| Charge for the year | 33,204 | - | 1,188 | 34,392 |
| At 31 December 2005 | 196,078 | 47,250 | 3,440 | 246,768 |
| Written down values | | | | |
| At 31 December 2005 | \$630,884 | \$0 | \$2,498 | \$633,382 |
| At 31 December 2004 | \$664,088 | \$0 | \$2,426 | \$666,514 |

5 FIXED ASSET INVESTMENTS

Cost

US\$

At 1 January 2005

1,047,162

At 31 December 2005

\$1,047,162

The company has invested in the ordinary share capital of unquoted companies as follows:

| Company | Country of registration | Number of shares | Holding % | Cost US\$ |
|----------|----------------------------|---------------------|-----------|--------------|
| Amkodor | Belarus | 108,065 | 22.78% | 577,162 |
| ITI Bank | Belarus | 2,375,716 | 9.36% | 470,000 |
| | | | | \$1,047,162 |

6 CURRENT ASSET INVESTMENTS

| | Cost US\$ | Amount provided for US\$ | Book Value US\$ |
|-----------------------------|--------------|--------------------------------|-----------------------|
| At 1 January 2005 | 108,132 | - | 108,132 |
| Amount provided for in year | - | (9,694) | (9,694) |
| At 31 December 2005 | \$108,132 | (\$9,694) | \$98,438 |

VIKASH INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 2005

| | | |
|--|---------------------|---------------------|
| 7 CREDITORS: amounts falling due within one year | <u>2005</u> US\$ | <u>2004</u> US\$ |
| Bank loan | - | 520,000 |
| Debt due within one year | - | 520,000 |
| Other creditors | 12,018 | 12,018 |
| Accruals | 5,166 | 11,257 |
| | <u>\$17,184</u> | <u>\$543,275</u> |
| 8 CREDITORS: amounts falling due after more than one year | <u>2005</u> US\$ | <u>2004</u> US\$ |
| Repayable between one and five years | | |
| Shareholders' loan | 750,000 | 750,000 |
| Bank loan | 520,000 | - |
| | <u>\$1,270,000</u> | <u>\$750,000</u> |
| 9 CALLED UP SHARE CAPITAL | <u>2005</u> US\$ | <u>2004</u> US\$ |
| Authorised 1,100,000 ordinary shares of US\$1 each | \$1,100,000 | \$1,100,000 |
| Allotted, called up and fully paid 850,000 ordinary shares of US\$1 each | <u>\$850,000</u> | <u>\$850,000</u> |
| 10 RECONCILIATION OF MOVEMENTS ON SHAREHOLDERS' FUNDS | <u>2005</u> US\$ | <u>2004</u> US\$ |
| Loss for the financial year after taxation | (47,181) | (45,687) |
| Dividends | - | - |
| | <u>(47,181)</u> | <u>(45,687)</u> |
| Opening shareholders' funds at 1 January 2005 | 599,370 | 645,057 |
| Closing shareholders' funds at 31 December 2005 | <u>\$552,189</u> | <u>\$599,370</u> |

11 CLOSE COMPANY

The company is a close company under the provisions of the Income and Corporation Taxes act 1988.

FOR MANAGEMENT INFORMATION ONLY

VIKASH INVESTMENTS LIMITED

DETAILED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2005

| | US\$ | <u>2005</u> | US\$ | US\$ | <u>2004</u> | US\$ |
|--|---------------|-------------|-------------------|---------------|-------------|-------------------|
| SALES | | | | | | |
| Rent receivable | | | 97,197 | | | 92,969 |
| Branch expenses recovered | | | <u>12,784</u> | | | <u>8,716</u> |
| | | | 109,981 | | | 101,685 |
| ADMINISTRATION EXPENSES | | | | | | |
| Salaries and National Insurance | 40,397 | | | 41,447 | | |
| Land rent | 12,772 | | | 10,641 | | |
| Water rates | 4,750 | | | 6,309 | | |
| Light and heat | 11,135 | | | 9,514 | | |
| Motor expenses | 10,504 | | | 7,052 | | |
| Travel and subsistence | 32 | | | 106 | | |
| Telephone | 2,795 | | | 3,412 | | |
| Computer costs | 183 | | | 1,009 | | |
| Printing, postage and stationery | 314 | | | 225 | | |
| General expenses | - | | | 215 | | |
| Accountancy | 5,213 | | | 6,415 | | |
| Legal and professional | 1,032 | | | - | | |
| Repairs and maintenance | 6,831 | | | 5,641 | | |
| Guard expenses | 1,241 | | | 1,259 | | |
| Cleaning | 1,170 | | | 1,030 | | |
| Subscriptions and publications | 204 | | | 274 | | |
| Bank charges | 532 | | | 639 | | |
| Foreign taxes | 16,949 | | | 14,255 | | |
| Foreign exchange difference | 86 | | | (747) | | |
| Depreciation | <u>34,392</u> | | | <u>43,590</u> | | |
| TOTAL ADMINISTRATION EXPENSES | | | <u>150,532</u> | | | <u>152,286</u> |
| OPERATING LOSS | | | (40,551) | | | (50,601) |
| Investment income | | | 3,064 | | | 4,914 |
| Amount provided against current asset investments | | | (9,694) | | | - |
| LOSS on ordinary activities before taxation | | | <u>(\$47,181)</u> | | | <u>(\$45,687)</u> |

This page does not form part of the statutory accounts