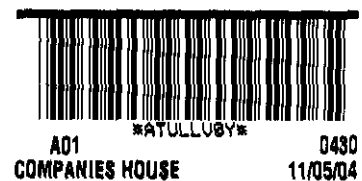


SAFETHOLME LIMITED

Registration Number: 4494656

Director's report and Financial Statements
for the period from 25 July 2002 to 31 December 2003



**Director's report and Financial Statements
for the period from 25 July 2002 to 31 December 2003**

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Company information**For the period from 25 July 2002 to 31 December 2003**

Director: Premier Director Ltd
(appointed on 25 July 2002 and resigned on 1 August 2002)
Pambos Papas
(appointed on 1 August 2002)

Secretary: RP Management & Consulting Ltd

Registered office:
88A Tooley Street, London Bridge, London SE1 2TF

Registration number: 449 4656

Business address: RP Management & Consulting
15, Nafpliou Street, 3025
2nd floor
Limassol, Cyprus

Accountants: C.P. Palema

**Director's report
for the period from 25 July 2002 to 31 December 2003**

1. The director presents his report and first audited financial statements for the period from 25 July 2002 to 31 December 2003

Principal activities

2. The principal activity of the Company is that of logistic support in international trading with steel products.

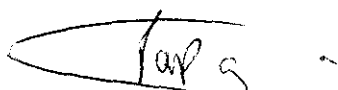
Director

3. The present membership of the Board is set out on page 1. The director will continue in office.

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the Board and signed on its behalf by:

Director

A handwritten signature in black ink, appearing to read 'Tap S', enclosed within a large, loopy oval stroke.

Limassol, 23 April 2004

**Profit and loss account
for the period from 25 July 2002 to 31 December 2003**

	Note	€
Sales		57,448
Cost of sales		(51,738)
Gross profit		<u>5,710</u>
Administration expenses		(2,287)
Operating profit		<u>3,423</u>
Net finance expense		(140)
Profit before taxation		<u>3,283</u>
Taxation		-
Net profit after taxation		<u><u>3,283</u></u>

The notes on pages 8 to 11 form part of these financial statements.

**Balance sheet
as at 31December 2003**

	Note	€
Current assets		
Cash at bank and in hand	6	4,305
Stocks		<u>27,876</u>
Total assets		<u>32,181</u>
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	5	2
Reserves		<u>3,283</u>
		<u>3,285</u>
Current Liabilities		
Creditors and accruals		<u>28,896</u>
Total equity and liabilities		<u>32,181</u>

The director's statements required by section 249B(4) are shown on the following page, which forms part of this balance sheet.

The notes on pages 8 to 11 form part of these financial statements.

Balance sheet (continued)

Director's statements required by section 249B(4)

For the period from 25 July 2002 to 31 December 2003

In approving these financial statements as directors of the company I hereby confirm:

(a) that for the period stated above the company was entitled to the exemption conferred by Section 249A(1) of the Companies Act 1985;

(b) that no notice has been deposited at the registered office of the company pursuant to Section 249B(2) requesting that an audit be conducted for the period from 25 July 2002 to 31 December 2003.

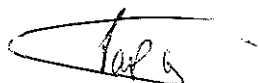
(c) that I acknowledge my responsibilities for:

(1) ensuring that the company keeps accounting records which comply with Section 221, and

(2) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the period then ended in accordance with the requirements of Section 226 and which otherwise comply with the provisions of the Companies Act relating to financial statements, so far as applicable to the company.

These financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with Financial Reporting Standard for Smaller Entities (effective June 2002)

The financial statements were approved by the Board on 23 April 2004 and signed in its behalf by:



Director

The notes on pages 8 to 11 form part of these financial statements.

Statement of changes in equity
for the period from 25 July 2002 to 31 December 2003

	Share capital €	Accumulated profits €	Total €
Issue of share capital	2	-	2
Net profit for the period	-	3,283	3,283
At 31 December 2003	<u>2</u>	<u>3,283</u>	<u>3,285</u>
	=====	=====	=====

The notes on pages 8 to 11 form part of these financial statements.

Cash flow statement
for the period from 25 July 2002 to 31 December 2003

	Note	€
Cash flows from operating activities		
Profit before taxation		3,2833
Adjustment for:		
Interest paid		-
		<hr/>
Operating profit before working capital changes		3,283
Increase in creditors and accruals		28,896
Increase in stocks		(27,876)
		<hr/>
Cash generated from operating activities		4,303
Taxation paid		-
		<hr/>
Net cash generated from operating activities		4,303
		<hr/>
Net cash used in activities		-
		<hr/>
Cash flows from financing activities		
Issue of shares		2
		<hr/>
Net cash flows from financing activities		2
		<hr/>
Increase in cash and cash equivalents		4,305
Cash and cash equivalents at beginning of period		-
		<hr/>
Cash and cash equivalents at the end of the period		4,305
		<hr/> <hr/>

The notes on pages 8 to 11 form part of these financial statements.

Notes to the financial statements for the period from 25 July 2002 to 31 December 2003

1. Introduction

The company was incorporated in United Kingdom on 25 July 2002, as a limited liability company.

Principal activities

The principal activities of the Company are that of agency services in respect of market research on behalf of several principals. During the period under review, the Company had been trading with Steel products.

2. Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of certain fixed assets and in accordance with the Financial Reporting Standard for smaller Entities (effective June 2002).

Revenue recognition

Revenue comprises the invoiced value for the sale of goods net of value added tax, rebates discounts and trade commissions. Revenue from the sale of goods is recognized when significant risks and rewards of ownership of the goods have been transferred to the buyer.

Foreign exchange

The financial statements are expressed in Euros.

Current assets and liabilities of the company other than in Euros are translated at the rate of exchange ruling at the balance sheet date.

Transactions during the period other than in Euros are converted at the rate of exchange ruling on the dates when they occur.

Differences on exchange are included in the profit and loss account.

Taxation

The Company's management and control lies outside the United Kingdom. As a result the Company is a non-resident entity for tax purposes and it is not liable for any tax arising from sources outside the republic.

Stocks

Stocks are stated at the lower of cost and net realizable value. Cost is determined by the weighted average method. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

Trade debtors

Trade debtors are carried at original invoice amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the year-end. Bad debts are written off when identified.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and bank overdrafts. In the balance sheet, bank overdrafts are included in borrowings in current liabilities.

3. Turnover

Turnover represents sales of goods at invoiced value net of discounts returns and VAT.

4. Operating profit

The opening profit for the period is stated after charging:

	€
Professional fees	1,020
	=====

5. Share capital

	£
Authorized, share capital	
10.000 shares of £1,00 each	10,000
	=====
Issued and fully paid	€
1 share of £1,00 each	2
	=====

6. Cash and cash equivalents

For the purposes of the cash flow statement the cash and cash equivalents comprise the followings:

	€
Cash at bank	4,305 =====

7. Financial risk factors

The Company is exposed to market price risk, interest rate risk, credit risk, liquidity risk and currency risk arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below.

(a) Interest rate risk

The Company has no significant interest-bearing assets and it borrows at variable rates. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

(b) Credit risk

The Company has no significant concentrations of credit risk. The Company has policies in place to ensure that sales of products are made to customers with an appropriate credit history.

(c) Liquidity risk

Liquidity risk is defined as the risk when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimizing such losses.

(d) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. At the year-end the Company had no significant balances in foreign currencies. The Company's policy is not to enter into any currency hedging transactions.

8. Fair values

The fair values of the Company's financial assets and liabilities approximate their carrying amounts at the balance sheet date.

9. Post balance sheet events

There were no material post balance sheet events, which have a bearing on the understanding of the financial statement.