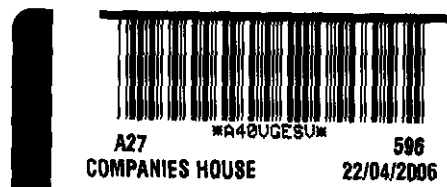


Registration Number: 3784056

African Logs Timber Corp. Limited

Financial Statements

for the year ended 30 June 2005



African Logs Timber Corp. Limited

Financial Statements

for the year ended 30 June 2005

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African Logs Timber Corp. Limited

Directors' Report

for the year ended 30 June 2005

The directors present their report and the unaudited financial statements for the year ended 30 June 2005.

Statement of directors' responsibilities

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 year. 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
- 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 to 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.

Principal activity

The company is a partner in African Logs Timber & Co., a common enterprise which trades in various types of raw wood.

Directors and their interests


The directors who served during the year and their interests in the company are stated as below:

	Ordinary shares	
	2004	2003
Pegasus Nominees Limited (formerly Fovarrane Limited)	100	100

Small company rules

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies. It was approved by the Board on 3 April 2006 and signed on its behalf by:

FOR AND ON BEHALF OF
PEGASUS NOMINEES LIMITED



AUTHORISED SIGNATORY
Pegasus Nominees Limited
Director

African Logs Timber Corp. Limited

Profit and Loss Account

for the year ended 30 June 2005

		Continuing Operations	
	Notes	2005	2004
		€	€
Turnover	2	26,926	20,638
Administration expenses		(9,918)	(13,123)
Profit on ordinary activities before taxation		<hr/> 17,008	<hr/> 7,515
Tax on profit on ordinary activities	3	(586)	-
Retained profit for the year		<hr/> 16,422	<hr/> 7,515
Retained profit brought forward		56,327	48,812
Retained profit carried forward		<hr/> <hr/> 72,749	<hr/> <hr/> 56,327

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

African Logs Timber Corp. Limited

Balance Sheet

as at 30 June 2004

	Notes	2005		2004	
		€	€	€	€
Current Assets	4				
Debtors		73,495		56,487	
		<u>73,495</u>		<u>56,487</u>	
Creditors: amounts falling due within one year	5	(586)		-	
Net Current Assets			72,909		56,487
Total Assets less Current Liabilities			<u>72,909</u>		<u>56,487</u>
 Capital and Reserves					
Called up share capital	5		160		160
Profit and loss account			72,749		56,327
Equity Shareholders' Funds	6		<u>72,909</u>		<u>56,487</u>

For the year ended 30 June 2005 the company was entitled to exemption under section 249AA(1) of the Companies Act 1985.

No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 249B(2).

The directors acknowledge their responsibility for:

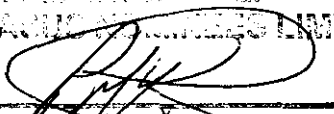
- i) Ensuring the company keeps accounting records which comply with section 221;

and

- ii) Preparing accounts which give a true and fair view of the state of affairs of the company as at the end of its financial year, and of its profit and loss for the financial year in accordance with section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company.

The financial statements which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies were approved by the Board on 3 April 2006 and signed on its behalf by:

FOR AND ON BEHALF OF
PEGASUS NOMINEES LIMITED


AUTHORISED SIGNATORY
Pegasus Nominees Limited
Director

FOR AND ON BEHALF OF
CORPORATE SECRETARIAL SERVICES LIMITED


AUTHORISED SIGNATORY
Corporate Secretarial Services Limited
Secretary

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

African Logs Timber Corp. Limited

Notes to the Financial Statements

for the year ended 30 June 2005

1. Accounting policies

1.1 Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with the *Financial Reporting Standard for Smaller Entities*.

1.2 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into Euros at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. All differences are taken to the Profit and Loss account.

2. Turnover

Turnover represents the company's share of the profits of African Logs Timber & Co.

3. Taxation	2005	2004
	€	€
Corporation tax	586	-
	<u>586</u>	<u>-</u>
4. Debtors	2005	2004
	€	€
Trade debtors	73,495	56,487
	<u>73,495</u>	<u>56,487</u>
5. Share capital	2005	2004
	€	€
Authorised equity		
100,000 Ordinary shares of GBP 1.00 each	160,000	160,000
	<u>160,000</u>	<u>160,000</u>
Allotted, called up and fully paid equity		
100 Ordinary shares of GBP 1.00 each	160	160
	<u>160</u>	<u>160</u>
6. Reconciliation of movement in shareholders' funds	2005	2004
	€	€
Profit for the year	16,422	7,515
	<u>16,422</u>	<u>7,515</u>
Net shareholders' funds	16,422	7,515
Opening shareholders' funds	56,487	48,972
	<u>56,487</u>	<u>48,972</u>
Closing shareholders' funds	72,909	56,487
	<u>72,909</u>	<u>56,487</u>

African Logs Timber Corp. Limited

Notes to the Financial Statements

for the year ended 30 June 2005

...continued

7. Related party transactions

The company is a partner in African Logs Timber & Co. Transactions are reflected through inter-company loan accounts. The balance due from the partnership is disclosed in note 4.

8. Profit and loss account

Administration expenses associated with maintaining the company in good statutory order and managing the company are borne directly by the owners of the company.

The financial statements are for the 12 months ended 30 June 2005.