

**BRIGHTREASONS
GROUP LIMITED**

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

15 Months Ended 1 June 2003

Registered number: 2521829



BRIGHTREASONS GROUP LIMITED

CONTENTS

Pages

Company information	1
Directors' report	2
Statement of directors' responsibilities	3
Independent auditors' report	4
Profit and loss account	5
Balance sheet	6
Notes to the accounts	7 - 9

BRIGHTREASONS GROUP LIMITED

COMPANY INFORMATION

DIRECTORS: H M C Morley
G L Williams
F Scott

SECRETARY: H M C Morley

AUDITORS: KPMG LLP
Arlington Business Park
Theale
Reading
RG7 4SD

REGISTERED OFFICE: 1st Floor
163 Eversholt Street
London
NW1 1BU

REGISTERED NUMBER: 2521829

BRIGHTREASONS GROUP LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the period ended 1 June 2003.

Principal activity

The principal activity of the company is that of a holding company. There has been no change in this activity during the period.

Results and dividends

The loss after tax for the period amounted to £nil (2 March 2002 - £34,389,000 loss after tax). The directors do not recommend the payment of a dividend.

Review of developments and future prospects

The company will continue to be a holding company for the foreseeable future.

Directors and their interests

The directors of the company during the period were as follows:

H M C Morley	(appointed 31 May 2002)
G L Williams	(appointed 31 May 2002)
F Scott	(appointed 31 May 2002)
N P Barbour	(resigned 31 May 2002)
M Mansigani	(resigned 31 May 2002)
P E Cushing	(resigned 31 May 2002)

None of the directors who held office at the end of the period had any interests in the share capital of the company or subsidiary companies. The interests of the directors in the shares of the ultimate parent company, Tragus Holdings Limited, were as follows:

	<u>No. shares held at end of period and at date of appointment</u>				
	"A" Ordinary shares	B" Ordinary shares	Ordinary ' shares	Preference shares	Preference shares
H M C Morley	-	-	340,000	-	34,000
G L Williams	-	-	230,000	-	23,000
F T K Scott	-	-	680,000	-	68,000

Auditors

Pursuant to section 386 of the Companies Act 1985, the company has elected to dispense with the obligation to appoint auditors annually. KPMG LLP, who were appointed by the directors during the period and have indicated their willingness to continue in office, will be deemed to be re-appointed each year unless a resolution to terminate their appointment is made under section 386.

On behalf of the Board of Directors

DIRECTOR

6 October 2003

BRIGHTREASONS GROUP LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial period 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 the period. 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;
- state whether applicable accounting standards have 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

BRIGHTREASONS GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BRIGHTREASONS GROUP LIMITED

We have audited the financial statements on pages 5 to 9.

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.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

Basis of audit opinion

We conducted our audit in accordance with 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 judgements 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 misstatement, 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 1 June 2003 and of the result of the company for the 15 month period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Registered Auditor
Reading

6/10 2003

BRIGHTREASONS GROUP LIMITED

PROFIT AND LOSS ACCOUNT

15 months ended 1 June 2003

	Notes	15 months ended 1 June 2003 £'000	Year ended 2 March 2002 £'000
Result before exceptional items		-	-
Exceptional items	2		(34,389)
LOSS BEFORE TAXATION		-	(34,389)
Taxation		-	-
RETAINED DEFICIT FOR THE PERIOD	9	-	(34,389)

There were no recognised gains or losses or movements in shareholders' funds for the period and prior year other than those reported above.

BRIGHTREASONS GROUP LIMITED

BALANCE SHEET

As at 1 June 2003

	Notes	1 June 2003 £'000	2 March 2002 £'000
FIXED ASSETS			
Investments	5	<u>24,206</u>	<u>-</u>
CURRENT ASSETS			
Debtors	6	16,152	16,152
Creditors	7	<u>(24,206)</u>	<u>-</u>
NET (LIABILITIES)/ASSETS		<u><u>16,152</u></u>	<u><u>16,152</u></u>
CAPITAL AND RESERVES			
Called up share capital	8	41,506	41,506
Share premium account	9	8,839	8,839
Capital redemption reserve	9	40	40
Profit and loss account	9	<u>(34,233)</u>	<u>(34,233)</u>
EQUITY SHAREHOLDERS' FUNDS		<u><u>16,152</u></u>	<u><u>16,152</u></u>

These financial statements were approved by the Board of Directors on 6 October 2003.
Signed on behalf of the Board of Directors.

Director

BRIGHTREASONS GROUP LIMITED

NOTES TO THE ACCOUNTS

15 months ended 1 June 2003

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted by the directors are described below:

Accounting convention

The financial statements are prepared under the historical cost convention. The financial statements have been prepared on the going concern basis, notwithstanding the company being loss making and having net current liabilities, which the directors believe to be appropriate, as support will be provided from its parent company.

Investments

Investments are stated at cost less provision for any impairment in value.

Cash flow

As permitted by Financial Reporting Standard No.1 (Revised) a cash flow statement has not been prepared as the company is a wholly owned subsidiary of a European Community parent whose consolidated accounts are publicly available.

2. EXCEPTIONAL ITEMS

	15 months ended 1 June 2003 £'000	Year ended 2 March 2002 £'000
Provision against amount owed by subsidiary undertaking	-	24,663
Impairment of investment in subsidiary	-	9,726
	<u>-</u>	<u>34,389</u>

The impairment of investment and provision against the amount owed by subsidiary undertaking in the prior year arose from the negative worth of BrightReasons Restaurants Limited.

3. LOSS BEFORE INTEREST

There were no expenses in the current or prior year. Audit fees are borne by the parent company, Tragus Holdings Limited.

4. INFORMATION REGARDING EMPLOYEES AND DIRECTORS

The company did not employ any staff during the period or prior year.

None of the directors received any remuneration in respect of their services for the company during the period.

BRIGHTREASONS GROUP LIMITED

NOTES TO THE ACCOUNTS

15 months ended 1 June 2003

5. INVESTMENTS

	Shares in subsidiary undertakings £'000
Cost	
At 2 March 2002	9,726
Shares acquired in the period	<u>24,206</u>
At 1 June 2003	<u>33,932</u>
Provisions at 2 March 2002 and at 1 June 2003	<u>(9,726)</u>
Net book value	
At 3 March 2002	<u>-</u>
At 1 June 2003	<u><u>24,206</u></u>

The principal undertaking in which the company's interest at the period end is more than 20% is as follows:

Subsidiary undertaking	Activity	Country of registration and incorporation	% of ordinary shares held
BrightReasons Restaurants Limited	Restaurateurs	England and Wales	100%

Group accounts have not been prepared as the company has taken advantage of the exemptions under section 228 of the Companies Act 1985 available to companies with an EC parent.

6. DEBTORS

	1 June 2003 £'000	2 March 2002 £'000
Amounts owed by group undertakings	<u>16,153</u>	<u>16,153</u>

7. CREDITORS

	1 June 2003 £'000	2 March 2002 £'000
Amounts owed to subsidiary undertakings	<u>24,206</u>	<u>-</u>

BRIGHTREASONS GROUP LIMITED

NOTES TO THE ACCOUNTS

15 months ended 1 June 2003

8. SHARE CAPITAL

	<u>Authorised</u>		<u>Allotted, called up and fully paid</u>	
	1 June 2003 £'000	2 March 2002 £'000	1 June 2003 £'000	2 March 2002 £'000
Ordinary shares of 10p each	99,968	99,968	41,481	41,481
"A" ordinary shares of 10p each	<u>32</u>	<u>32</u>	<u>25</u>	<u>25</u>
	<u>100,000</u>	<u>100,000</u>	<u>41,506</u>	<u>41,506</u>

The rights of the 'A' ordinary shares are equal to those of the ordinary shares.

9. STATEMENT OF MOVEMENTS ON RESERVES

	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
At 3 March 2002	8,839	40	(34,233)	(25,354)
Deficit for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 1 June 2003	<u>8,839</u>	<u>40</u>	<u>(34,233)</u>	<u>(25,354)</u>

10. RELATED PARTIES

The company is a wholly owned subsidiary of Tragus Holdings Limited and has taken advantage of the exemption given in Financial Reporting Standard No.8 not to disclose transactions with other group companies.

11. PARENT UNDERTAKING

The ultimate parent undertaking is Tragus Holdings Limited, registered in England and Wales. The smallest and largest group of undertakings for which group accounts are drawn up and of which the company is a member is Tragus Holdings Limited, registered in England and Wales. Copies of group accounts can be obtained from 163 Eversholt Street, London, NW1 1BU