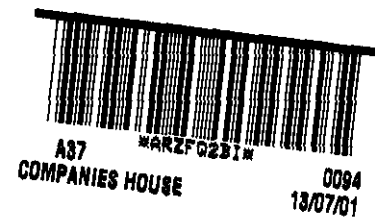


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Company Registration No. 3047341 (England and Wales)

MILLENNIUM CAFES LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1999



MILLENNIUM CAFES LIMITED

COMPANY INFORMATION

Director	Network Directors Limited (Appointed 24 September 1999)
Secretary	Network Secretarial Services Limited
Company number	3047341
Registered office	843 Finchley Road London NW11 8NA
Auditors	Glazers 843 Finchley Road London NW11 8NA

MILLENNIUM CAFES LIMITED

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MILLENNIUM CAFES LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 1999

The director presents his report and financial statements for the year ended 31 December 1999.

Principal activities and review of the business

The company commenced trading during the period in the operation of restaurants. The company's accounts incorporate 100% of the results of the Café De Paris restaurant. The company ceased trading on 11 September 2000.

Results and dividends

The results for the year are set out on page 3.

Directors

The following directors have held office since 1 January 1999:

J H Bloom	(Resigned 24 September 1999)
L A Bloom	(Resigned 24 September 1999)
Network Directors Limited	(Appointed 24 September 1999)

Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 December 1999	1 January 1999
Network Directors Limited	-	-

Auditors

Glazers were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

Director's responsibilities

Company law requires the director 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 period. In preparing those financial statements, the director is 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

By order of the board

For and on behalf of NETWORK SECRETARIAL SERVICES LIMITED

Network Secretarial Services Limited

Secretary

7/07/2001

MILLENNIUM CAFES LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF MILLENNIUM CAFES LIMITED

We have audited the financial statements on pages 3 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

Respective responsibilities of the director and auditors

As described on page 1 the company's director is responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of 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 director 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 the company's affairs as at 31 December 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Giazers

Chartered Accountants
Registered Auditor

9/7/01
843 Finchley Road
London
NW11 8NA

MILLENNIUM CAFES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1999

	Notes	1999 £	1998 £
Turnover	2	4,973,259	-
Cost of sales		(1,283,393)	-
Gross profit		3,689,866	-
Administrative expenses		(4,534,355)	-
Other operating income		615,555	-
Operating loss	3	(228,934)	-
Other interest receivable and similar income		5,066	-
Interest payable and similar charges	4	(92,212)	-
Loss on ordinary activities before taxation		(316,080)	-
Tax on loss on ordinary activities	5	-	-
Loss on ordinary activities after taxation	12	(316,080)	-

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

MILLENNIUM CAFES LIMITED

BALANCE SHEET AS AT 31 DECEMBER 1999

	Notes	1999 £	£	1998 £	£
Fixed assets					
Intangible assets	6		3,379		-
Tangible assets	7		907,266		-
			<u>910,645</u>		<u>-</u>
Current assets					
Stocks	8	110,996		-	
Debtors	9	93,408		2	
		<u>204,404</u>		<u>2</u>	
Creditors: amounts falling due within one year	10	(1,431,127)		-	
Net current (liabilities)/assets			<u>(1,226,723)</u>		<u>2</u>
Total assets less current liabilities			<u>(316,078)</u>		<u>2</u>
Capital and reserves					
Called up share capital	11		2		2
Profit and loss account	12		(316,080)		-
Shareholders' funds - equity interests	13		<u>(316,078)</u>		<u>2</u>

The financial statements were approved by the Board on 9/07/01

For and on behalf of NETWORK DIRECTORS LIMITED

Network Directors Limited
Director

MILLENNIUM CAFES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Research and development

Development costs in respect of Cafe de Paris are written off over three years.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Leasehold	not depreciated
Plant and machinery	10% per annum straight line basis
Fixtures, fittings & equipment	10% per annum straight line basis

1.5 Stock

Stock is valued at the lower of cost and net realisable value.

1.6 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the director, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating loss

	1999 £	1998 £
Operating loss is stated after charging:		
Amortisation of intangible assets	260,629	-
Depreciation of tangible assets	149,419	-
Auditors' remuneration	13,150	-
	<u>423,208</u>	<u>-</u>

4 Interest payable

	1999 £	1998 £
On bank loans and overdrafts	10,344	-
On loans repayable after 5 years	81,868	-
	<u>92,212</u>	<u>-</u>

5 Taxation

On the basis of these financial statements no provision has been made for corporation tax.

MILLENNIUM CAFES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 1999

6 Intangible fixed assets

	Development Costs £
Cost	
At 1 January 1999	-
Intergroup transfer	863,875
	<hr/>
At 31 December 1999	863,875
	<hr/>
Amortisation	
At 1 January 1999	-
Intergroup transfer	599,867
Charge for year	260,629
	<hr/>
At 31 December 1999	860,496
	<hr/>
Net book value	
At 31 December 1999	3,379
	<hr/> <hr/>

7 Tangible fixed assets

	Plant and machinery £	Fixtures, fittings & equipment £	Total £
Cost			
At 1 January 1999	-	-	-
Intergroup transfer	289,313	1,051,467	1,340,780
	<hr/>	<hr/>	<hr/>
At 31 December 1999	289,313	1,051,467	1,340,780
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 January 1999	-	-	-
Intergroup transfer	79,931	204,164	284,095
Charge for the year	34,996	114,423	149,419
	<hr/>	<hr/>	<hr/>
At 31 December 1999	114,927	318,587	433,514
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 1999	174,386	732,880	907,266
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 1998	-	-	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

MILLENNIUM CAFES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 1999

8	Stocks	1999 £	1998 £
	Finished goods and goods for resale	110,996	-

9	Debtors	1999 £	1998 £
	Trade debtors	93,408	-
	Amounts owed by parent and fellow subsidiary undertakings	-	2
		93,408	2

10	Creditors: amounts falling due within one year	1999 £	1998 £
	Trade creditors	497,190	-
	Amounts owed to parent and fellow subsidiary undertakings	207,377	-
	Taxes and social security costs	726,560	-
		1,431,127	-

The director considers it prudent to make a provision of £726,560 in respect of PAYE on tips. However the amount in question is currently in dispute.

11	Share capital	1999 £	1998 £
	Authorised		
	1,000 Ordinary shares of £ 1 each	1,000	1,000
	Allotted, called up and fully paid		
	2 Ordinary shares of £ 1 each	2	2

12 Statement of movements on profit and loss account

	Profit and loss account £
Retained loss for the year	(316,080)

MILLENNIUM CAFES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 1999

13 Reconciliation of movements in shareholders' funds	1999 £	1998 £
Loss for the financial year	(316,080)	-
Opening shareholders' funds	2	2
	<hr/>	<hr/>
Closing shareholders' funds	(316,078)	2
	<hr/>	<hr/>

14 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	1999 Number	1998 Number
Administration and management	14	-
Service	70	-
	<hr/>	<hr/>
	84	-
	<hr/>	<hr/>

Employment costs

	£	£
Wages and salaries	1,866,177	-
	<hr/>	<hr/>

15 Control

This company's immediate and ultimate parent company is Network Corporate Holdings plc, a company incorporated in England and Wales.

16 Related party transactions

The company has taken advantage of the exemptions conferred by Financial Reporting Standard No 8 from the requirement to make disclosures concerning related parties.