

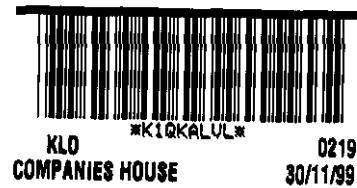
BUSABA EATHAI LIMITED

DIRECTORS' REPORT

AND

FINANCIAL STATEMENTS

31ST JANUARY, 1999



s h i p l e y s

chartered accountants

BUSABA EATHAI LIMITED

COMPANY INFORMATION

Directors

Mr. A. Ali
Mr. A. Yau

Secretary and Registered Office

Mr. M. Seifert
106-110 Wardour Street,
London W1V 4AS.

Auditors

Shipleys
Chartered Accountants,
10 Orange Street,
Haymarket,
London WC2H 7DQ.

BUSABA EATHAI LIMITED

DIRECTORS' REPORT

The directors submit their report and financial statements for the year ended 31st January, 1999.

ACTIVITIES

The company was dormant until 20th March, 1998 when it acquired a leasehold interest: its principal trading activity is that of restaurateurs.

The company changed its name from Chelsea Corporation Limited on 8th December, 1998 to Busaba U.K. Limited. On 9th July, 1999, the company changed its name to Busaba Eathai Limited.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period. The directors consider that in preparing the financial statements the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates and confirm that all applicable accounting standards have been followed. The financial statements have been prepared on a going concern basis.

The directors are responsible for ensuring that the company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and for ensuring that the financial statements comply with the Companies Act 1985. The directors also have responsibility for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

YEAR 2000

There are risks and uncertainties associated with the forthcoming new century and its effect on computer systems. Failure to address these could lead to difficulties in processing an organisation's financial and operational transactions, or even to total system failure.

The directors have initiated a review of the effect on the company's operations of this problem, with a view to ensuring that appropriate steps are taken to ensure that the company's critical systems are able to operate effectively into the year 2000.

The total anticipated costs of the company's plans to upgrade its computer systems accordingly are not considered by the directors to be material to the financial position of the company.

The directors intend to treat these costs in the financial statements in accordance with generally accepted accounting practice in the UK.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year and their beneficial and family interests in the shares of the company were:-

	At 31st January, 1999	At 1st February, 1998
A. Ali (appointed 10th September, 1998)	35,539	-
A. Yau (appointed 16th November, 1998)	35,539	-
T. Kelly (resigned 10th September, 1998)	-	1
A. McCaffrey (resigned 13th November, 1998)	-	-

BUSABA EATHAI LIMITED
DIRECTORS' REPORT - CONTINUED

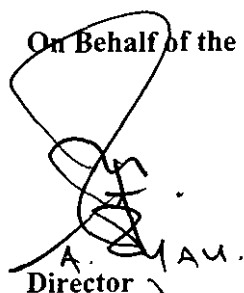
AUDITORS

A resolution to reappoint Shipleys as auditors will be proposed at the Annual General Meeting.

EXEMPTIONS

These accounts have been prepared in accordance with the special provisions of Part VII of Companies Act 1985 relating to small companies.

On Behalf of the Board



A. Maun.
Director

30th November 1999

s h i p l e y s

c h a r t e r e d a c c o u n t a n t s

10 Orange Street, Haymarket, London WC2H 7DQ

Telephone (0171) 312 0000 Facsimile (0171) 312 0022

AUDITORS' REPORT TO THE MEMBERS OF

BUSABA EATHAI LIMITED

We have audited the financial statements on pages 5 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are 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.

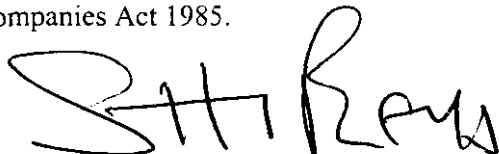
Basis of opinion

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 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 the company's affairs as at 31st January, 1999 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Registered Auditors

30TH November 1999.

BUSABA EATHAI LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST JANUARY, 1999

	Notes	1999 £	1998 £
ADMINISTRATIVE EXPENSES		(102,030)	-
OTHER OPERATING INCOME	2	<u>99,564</u>	<u>-</u>
OPERATING LOSS – continuing operations	4	(2,466)	-
INTEREST RECEIVABLE	3	2,209	-
INTEREST PAYABLE		<u>(432)</u>	<u>-</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(689)	-
TAXATION	5	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR AFTER TAXATION		<u>£(689)</u> ===	<u>£ -</u> ===

The notes on pages 8 to 10 form part of these financial statements.

BUSABA EATHAI LIMITED



BALANCE SHEET

31ST JANUARY, 1999

	Notes	£	1999	£	1998	£
FIXED ASSETS						
Tangible assets	6		377,926			-
CURRENT ASSETS						
Debtors	7	110,934			-	
Cash at bank and in hand		<u>39,858</u>			<u>1</u>	
		150,792			1	
CREDITORS : Amounts falling due within one year	8	<u>(128,329)</u>			<u>-</u>	
NET CURRENT ASSETS			<u>22,463</u>			<u>1</u>
NET ASSETS			<u>£400,389</u>			<u>£1</u>
CAPITAL AND RESERVES						
Called up share capital	9		71,078			1
Revaluation reserve	10		330,000			-
Profit and loss account	11		<u>(689)</u>			<u>-</u>
EQUITY SHAREHOLDERS' FUNDS			<u>£400,389</u>			<u>£1</u>

These accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

Approved by the Board on 30TH November 1999 .


 A. ALI
)
) Directors
)

 A. TAM.

The notes on pages 8 to 10 form part of these financial statements.

BUSABA EATHAI LIMITED
OTHER PRIMARY FINANCIAL STATEMENTS

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31ST JANUARY, 1999

	1999 £	1998 £
Loss for the financial year	(689)	-
Unrealised gains on revaluation of property	<u>330,000</u>	-
Total recognised gains and losses for the year	<u>£329,311</u> =====	£ - ===

HISTORICAL COST PROFIT AND LOSS
FOR THE YEAR ENDED 31ST JANUARY, 1999

There is no difference between the results as disclosed in the profit and loss account and the result on an unmodified historical cost basis.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
FOR THE YEAR ENDED 31ST JANUARY, 1999

	1999 £	1998 £
Loss for the financial year	(689)	-
Other recognised gains relating to the year	330,000	-
New share capital subscribed	71,077	-
At 1st February, 1998	<u>1</u>	<u>1</u>
At 31st January, 1999	<u>£400,389</u> =====	£1 ==

The notes on pages 8 to 10 form part of these financial statements.

BUSABA EATHAI LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31ST JANUARY, 1999****1. ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with the following accounting policies.

1.1 Depreciation of Tangible Fixed Assets

Depreciation is provided on tangible fixed assets (once brought into use) at rates calculated to write off the cost or valuation less estimated residual value over the estimated useful life as follows:-

Short leasehold premises - over the period of the lease
Leasehold improvements - 10% per annum on cost

1.2 Revaluation Reserve

Revaluation reserve surpluses arising from revaluation of properties are taken directly to the revaluation reserve. Surpluses or deficits realised on the disposal of an asset are transferred from the revaluation reserve to the profit and loss account reserve.

1.3 Cash Flow Statement

The company is a small company as defined by sections 246 and 247 of the Companies Act 1985. It has therefore taken advantage of the exemption conferred by Financial Reporting Standard Number 1 (Revised 1996) not to prepare a cash flow statement.

2. OTHER OPERATING INCOME	1999	1998
Loan waived (see note 14)	£99,564 =====	£ - =====
3. INTEREST RECEIVABLE		
Bank interest	£2,209 =====	£ - =====
4. OPERATING PROFIT	£	£
This is stated after charging:		
Auditors' remuneration	1,750	-
Depreciation – owned assets	- =====	- =====
5. TAXATION		

There is no liability to tax based on the results for the year under review (1998 : £nil).

BUSABA EATHAI LIMITED

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

31ST JANUARY, 1999

6. TANGIBLE FIXED ASSETS

	Short Leasehold Premises £	Leasehold Improvements £	Total £
Cost or Valuation			
Additions	-	47,926	47,926
Revaluation	<u>330,000</u>	<u>-</u>	<u>330,000</u>
At 31st January, 1999	<u>330,000</u>	<u>47,926</u>	<u>377,926</u>
Depreciation			
Charge for year	<u>-</u>	<u>-</u>	<u>-</u>
At 31st January, 1999	<u>-</u>	<u>-</u>	<u>-</u>
Net Book Value			
At 31st January, 1999	<u>£330,000</u>	<u>£47,926</u>	<u>£377,926</u>

The short leasehold premises of the company were revalued by the directors on 31st January, 1999 at £330,000, on the basis of open market value.

On the historical cost basis, the short leasehold premises would have been included as follows:-

Cost	£nil
	===
Cumulative depreciation based on cost	£nil
	===

7. DEBTORS

	1999 £	1998 £
Other debtors	87,500	-
Prepayments and accrued income	<u>23,434</u>	<u>-</u>
	<u>£110,934</u>	<u>£ -</u>
	=====	===

Included within other debtors is an amount of £62,500 due in more than one year. There is a fixed charge over the short leasehold premises for this amount.

8. CREDITORS : Amounts falling due within one year

	£	£
Other creditors	81,860	
Accruals	<u>46,469</u>	<u>-</u>
	<u>£128,329</u>	<u>£ -</u>
	=====	===

BUSABA EATHAI LIMITED

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

31ST JANUARY, 1999

9. SHARE CAPITAL	1999	1998
Authorised		
100,000 ordinary shares of £1 each	£100,000 =====	£50,000 =====
Allotted, called up and fully paid		
71,078 ordinary shares of £1 each	£71,078 =====	£1 ==

On 13th November, 1998 the nominal share capital of the company was increased by 50,000 ordinary shares of £1 each to 100,000 ordinary shares of £1 each.

On 16th November, 1998 71,077 shares were allotted at par to provide working capital and funding.

10. REVALUATION RESERVE	£	
At 1st February, 1998	-	
Revaluation in year	330,000 =====	
At 31st January, 1999	£330,000 =====	
11. PROFIT AND LOSS ACCOUNT	1999	1998
	£	£
At 1st February, 1998	-	-
Loss for the year	(689) =====	- =====
At 31st January, 1999	£(689) =====	£ - =====

12. OPERATING LEASE COMMITMENTS

The company has an annual commitment under a non-cancellable operating lease in land and buildings of £125,000 which expires in more than five years.

13. CAPITAL COMMITMENTS

At 31st January, 1999 the directors had authorised further capital expenditure for leasehold improvements in the region of £140,000.

14. RELATED PARTY TRANSACTIONS

Mr. A Ali, director, is also a director and shareholder of Introplan Limited. Introplan Limited is the registered shareholder of 35,539 ordinary shares of Busaba Eathai Limited. At the year end, £25,000 shown under other creditors (note 8) in respect of a performance guarantee under the terms of the lease, is due to Introplan Limited (representing the maximum amount advanced during the year).

Mr. A. Yau, director, is also a director of Alan Yau Limited. During the year, Alan Yau Limited incurred expenses on behalf of Busaba Eathai Limited. The total amount involved and due as at the year end was £56,860, shown under other creditors (note 8).

The previous directors of the company, T. Kelly and A. McCaffrey, paid during the year under review rent deposit and certain property expenses on behalf of the company, totalling £99,564. They have agreed to waive this amount due to them (note 2).