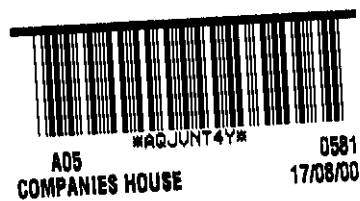


2000

REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1999
FOR
HEATLEY AND GRESHAM LTD



CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1999

	Page
Company Information	1
Report of the Directors	2
Profit and Loss Account	3
Balance Sheet	4
Notes to the Financial Statements	5
Report of the Accountants	8
Trading and Profit and Loss Account	9

HEATLEY AND GRESHAM LTD

COMPANY INFORMATION
FOR THE YEAR ENDED 31ST DECEMBER 1999

DIRECTORS:

G T Verghese
T L Verghese
Mrs S John

SECRETARY:

T L Verghese

REGISTERED OFFICE:

Suit 28, 4th Floor
Morley House
320 Regent Street
London
W1R 5AA

REGISTERED NUMBER:

37554 (England and Wales)

ACCOUNTANTS:

Hamsun & Hogate
Chartered Accountants
Bramber Court
2 Bramber Road
West Kensington
London W14 9PA

HEATLEY AND GRESHAM LTD

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST DECEMBER 1999

The directors present their report with the financial statements of the company for the year ended 31st December 1999.

PRINCIPAL ACTIVITIES

The principal activities of the company in the year under review were those of international traders, exporters, importers and commission agents.

The company ceased to trade after the year end.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

DIRECTORS

The directors during the year under review were:

G T Verghese

R J Advani

- resigned 16/11/1999

T L Verghese

Mrs S John

The directors holding office at 31st December 1999 did not hold any beneficial interest in the issued share capital of the company at 1st January 1999 or 31st December 1999.

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

ON BEHALF OF THE BOARD:



T L Verghese - SECRETARY

Dated: 27.07.00

HEATLEY AND GRESHAM LTD

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 1999

		<u>1999</u>	<u>1998</u>
	Notes	£	£
TURNOVER		13,785	77,262
Cost of sales		<u>-</u>	<u>44,000</u>
GROSS PROFIT		13,785	33,262
Administrative expenses		<u>10,039</u>	<u>45,550</u>
		3,746	(12,288)
Other operating income		<u>125</u>	<u>-</u>
OPERATING PROFIT/(LOSS)	2	3,871	(12,288)
Interest payable and similar charges	3	<u>-</u>	<u>409</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		3,871	(12,697)
Tax on profit/(loss) on ordinary activities	4	<u>-</u>	<u>-</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION		3,871	(12,697)
(Deficit)/Retained profit brought forward		<u>(8,331)</u>	<u>4,366</u>
DEFICIT CARRIED FORWARD		<u>£(4,460)</u>	<u>£(8,331)</u>

The notes form part of these financial statements

HEATLEY AND GRESHAM LTD

BALANCE SHEET
31ST DECEMBER 1999

		1999		1998	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	5		215		641
CURRENT ASSETS:					
Debtors	6	244		6,951	
Investments	7	22,757		22,757	
Cash at bank and in hand		230		540	
		<u>23,231</u>		<u>30,248</u>	
CREDITORS: Amounts falling due within one year	8	2,235		13,549	
NET CURRENT ASSETS:			<u>20,996</u>		<u>16,699</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			21,211		17,340
CREDITORS: Amounts falling due after more than one year	9		18,171		18,171
			<u>£3,040</u>		<u>£(831)</u>
CAPITAL AND RESERVES:					
Called up share capital	10		7,500		7,500
Profit and loss account			(4,460)		(8,331)
Shareholders' funds			<u>£3,040</u>		<u>£(831)</u>

The company is entitled to exemption from audit under Section 249A(1) of the Companies Act 1985 for the year ending 31st December 1999.

No notice has been deposited under Section 249B(2) of the Companies Act 1985 in relation to its financial statements for the financial year.

The directors acknowledge their responsibilities for:

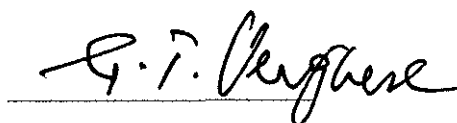
- (a) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective March 1999).

ON BEHALF OF THE BOARD:

G T Verghese - DIRECTOR

Approved by the Board on



27.07.00

The notes form part of these financial statements

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

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 1999).

Turnover

Turnover represents net invoiced sales, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery	- 20% on cost
Computer equipment	- 25% on cost

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account. The level of contribution is negotiated between the company and the director mutually. There is no contractual obligation on the company to make any payments in this regard.

2. OPERATING PROFIT/(LOSS)

The operating profit (1998 - operating loss) is stated after charging:

	1999 £	1998 £
Depreciation - owned assets	426	426
Pension costs	1,500	3,000
Operating lease	2,533	4,016
	<u>7,500</u>	<u>27,000</u>
Directors' emoluments	<u>7,500</u>	<u>27,000</u>

Directors' emoluments: This includes Personal Pension Contribution of £1,500 of a director and these are charged in the profit and loss account. The annual payments by the company are negotiated in arrears with the director. The company has no contractual commitment to make this payment.

3. INTEREST PAYABLE AND SIMILAR CHARGES

Interest payable and similar charges includes the following:

	1999 £	1998 £
Bank interest	-	409
	<u>-</u>	<u>409</u>

4. TAXATION

No liability to UK corporation tax arose on ordinary activities for the year ended 31st December 1999 nor for the year ended 31st December 1998.

HEATLEY AND GRESHAM LTD

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

5. **TANGIBLE FIXED ASSETS**

	Plant and machinery	Computer equipment	Totals
	£	£	£
COST:			
At 1st January 1999			
and 31st December 1999	<u>1,944</u>	<u>1,706</u>	<u>3,650</u>
DEPRECIATION:			
At 1st January 1999	1,943	1,066	3,009
Charge for year	<u>-</u>	<u>426</u>	<u>426</u>
At 31st December 1999	<u>1,943</u>	<u>1,492</u>	<u>3,435</u>
NET BOOK VALUE:			
At 31st December 1999	<u>1</u>	<u>214</u>	<u>215</u>
At 31st December 1998	<u>1</u>	<u>640</u>	<u>641</u>

6. **DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	1999 £	1998 £
V.A.T.	244	516
Trade debtors	-	5,088
Prepayments	-	700
Taxation	-	647
	<u>244</u>	<u>6,951</u>

7. **CURRENT ASSET INVESTMENTS**

	1999 £	1998 £
Unlisted investments	<u>22,757</u>	<u>22,757</u>

The directors are of the opinion that the market value of the investment is not materially different to that stated.

8. **CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	1999 £	1998 £
Bank loans and overdrafts	-	10,624
Directors Current Account- Mr G T Verghese	1,345	1,545
Social security & other taxes	-	655
Accrued expenses	<u>890</u>	<u>725</u>
	<u>2,235</u>	<u>13,549</u>

9. **CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

	1999 £	1998 £
Sundry loan	<u>18,171</u>	<u>18,171</u>

HEATLEY AND GRESHAM LTD

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

10. **CALLED UP SHARE CAPITAL**

Authorised:				
Number:	Class:	Nominal	1999	1998
		value:	£	£
10,000	ORDINARY	£1	<u>10,000</u>	<u>10,000</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal	1999	1998
		value:	£	£
7,500	ORDINARY	£1	<u>7,500</u>	<u>7,500</u>

11. **RELATED PARTY DISCLOSURES**

Gresham & Reed Ltd is a related company. The director Mr G T Verghese holds 50% of equity interest of Gresham & Reed Ltd. There were no trading transactions between the companies.

The movements in the directors current account are of a non-trading nature.

12. **CONTROLLING PARTIES**

Mr Arvind Chowdhry is the controlling party of the company.