

Company Registration No. 1671921 (England and Wales)

ARAB INVESTMENTS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2002



ARAB INVESTMENTS LIMITED

COMPANY INFORMATION

Directors

Mrs M Affara
M S Affara
K M Affara
Mrs F M Affara
Miss A Affara
Mr T Affara

Secretary

Mrs F M Affara

Company number

1671921

Registered office

Management Office
Campbell Court
Gloucester Road
London SW7 4PD

Auditors

Higgisons
Registered Auditors
Higgison House
381-383 City Road
London EC1V 1NW

Bankers

Barclays Bank PLC
South Kensington Branch
77 Gloucester Road
London WC1R 4JH

ARAB INVESTMENTS LIMITED

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ARAB INVESTMENTS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2002

The directors present their report and financial statements for the year ended 31 March 2002.

Principal activities

The principal activities of the company are those of business and property managers.

Directors

The following directors have held office since 1 April 2001:

Mrs M Affara
M S Affara
K M Affara
Mrs F M Affara
Miss A Affara
Mr T Affara

Directors' interests

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

	Ordinary shares of £ 1 each	
	31 March 2002	1 April 2001
Mrs M Affara	1	1
M S Affara	1	1
K M Affara	-	-
Mrs F M Affara	-	-
Miss A Affara	-	-
Mr T Affara	-	-

Auditors

Ernst & Young resigned as auditors and Higgisons were appointed as auditors. A resolution to re-appoint Higgisons will be put to the forth coming annual general meeting.

ARAB INVESTMENTS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2002

Directors' responsibilities

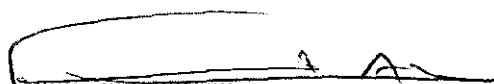
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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.

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



Secretary,
2 September 2002

ARAB INVESTMENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ARAB INVESTMENTS LIMITED

We have audited the financial statements of Arab Investments Limited on pages 4 to 9 for the year ended 31 March 2002. These financial statements have been prepared under the historical cost convention and the accounting policies set out herein.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

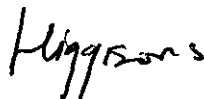
Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 31 March 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Higgisons

Chartered Accountants
Registered Auditor

5 September 2002
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Registered Auditors
Higgison House
381-383 City Road
London EC1V 1NW

ARAB INVESTMENTS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2002

	Notes	2002 £	2001 £
Turnover		432,252	434,920
Cost of sales		(59,241)	(48,847)
Gross profit		373,011	386,073
Administrative expenses		(394,496)	(348,291)
Operating (loss)/profit	2	(21,485)	37,782
Other interest receivable and similar income		355	66
(Loss)/profit on ordinary activities before taxation		(21,130)	37,848
Tax on (loss)/profit on ordinary activities	3	4,318	(9,100)
(Loss)/profit on ordinary activities after taxation	9	(16,812)	28,748

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.

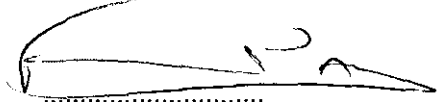
ARAB INVESTMENTS LIMITED

BALANCE SHEET AS AT 31 MARCH 2002

	Notes	2002 £	£	2001 £	£
Fixed assets					
Tangible assets	4 and 5		79,513		100,392
Current assets					
Debtors	6	116,507		6,280	
Cash at bank and in hand		26,608		146,457	
		<u>143,115</u>		<u>152,737</u>	
Creditors: amounts falling due within one year	7	<u>(124,592)</u>		<u>(138,281)</u>	
Net current assets			<u>18,523</u>		<u>14,456</u>
Total assets less current liabilities			<u>98,036</u>		<u>114,848</u>
Capital and reserves					
Called up share capital	8		2		2
Profit and loss account	9		98,034		114,846
Shareholders' funds - equity interests	10		<u>98,036</u>		<u>114,848</u>

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

The financial statements were approved by the Board on 2nd Sept 02



Director

ARAB INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

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.

1.3 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:

Fixtures, fittings & equipment	20% per annum on cost
Motor vehicles	20% per annum on cost

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Fixed asset investments

Investments are included at cost and provision is made for any permanent diminution in value:

The carrying values of investments are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

2	Operating (loss)/profit	2002 £	2001 £
	Operating (loss)/profit is stated after charging:		
	Depreciation of tangible assets	22,419	29,245
	Auditors' remuneration	2,000	2,750
	Directors' emoluments	117,375	99,936
	Compensation for loss of office	27,144	-
		<u>148,938</u>	<u>131,931</u>
3	Taxation	2002 £	2001 £
	Domestic current year taxation		
	U.K. corporation tax	(4,203)	8,900
	Adjustment for prior years	(115)	200
		<u>(4,318)</u>	<u>9,100</u>

ARAB INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2002

4 Tangible fixed assets

	Fixtures, fittings and motor vehicles £
Cost	
At 1 April 2001	193,133
Additions	4,232
Disposals	(6,638)
At 31 March 2002	190,727
Depreciation	
At 1 April 2001	142,741
On disposals	(3,945)
Charge for the year	22,418
At 31 March 2002	161,214
Net book value	
At 31 March 2002	29,513
At 31 March 2001	50,392

5 Investments

	£
Cost	
At 1 April 2001	70,500
Amount written off	(20,500)
At 31 March 2002	50,000

The investment is a classic motor vehicle.

6 Debtors

	2002 £	2001 £
Trade debtors	102,777	6,280
Other debtors	13,730	-
	116,507	6,280

ARAB INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2002

7 Creditors: amounts falling due within one year	2002 £	2001 £
Trade creditors	802	755
Taxation and social security	37,668	38,031
Payments received on account	4,147	4,147
Other creditors	81,975	95,348
	<u>124,592</u>	<u>138,281</u>

Included in other creditors are amounts due to M.S. Affara £9,628 (2001 - £28,328), K M Affara £90 (2001 - £6,940) and M Affara £16,338 (2001 - NIL). These balances are interest free and have no fixed repayment date.

8 Share capital	2002 £	2001 £
Authorised		
1,000 Ordinary shares of £ 1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
2 Ordinary shares of £ 1 each	<u>2</u>	<u>2</u>

9 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 April 2001	114,846
Retained loss for the year	<u>(16,812)</u>
Balance at 31 March 2002	<u>98,034</u>

10 Reconciliation of movements in shareholders' funds	2002 £	2001 £
(Loss)/profit for the financial year	(16,812)	28,748
Opening shareholders' funds	<u>114,848</u>	<u>86,100</u>
Closing shareholders' funds	<u>98,036</u>	<u>114,848</u>

11 Control

The ultimate controlling party is the Affara family.

ARAB INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2002

12 Related party transactions

Mr M S Affara is a director of Carpets of Worth Limited and T M Hotels Limited. Car rental services of £7,800 (2001 - £7,800) and £10,200 (2001 - £10,200) respectively, were provided to these companies on normal commercial terms. Commission and management services provided to Carpets of Worth Limited for the year were £18,000 (2001 - £19,069).

During the year, £46,890 (2001 - £35,760) was paid for financial consultancy services to B A Link Limited & Kensington Management & Development Limited, companies in which Mrs F M Affara is a director.