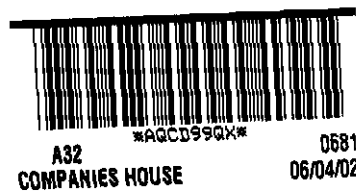


Company Registration No. 2104942 (England and Wales)

BUYBEST LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2001



BUYBEST LIMITED

COMPANY INFORMATION

Directors	Sir Mohammed Anwar Pervez Zameer Mohammed Choudrey Rizwan Pervez (Appointed 10 January 2001)
Secretary	Zameer Mohammed Choudrey
Company number	2104942
Registered office	2 Bloomsbury Street London WC1B 3ST
Auditors	Simmons Gainsford 5th Floor 7/10 Chandos Street London W1G 9DQ

BUYBEST LIMITED

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BUYBEST LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2001

The directors present their report and financial statements for the year ended 31 August 2001.

Principal activities and review of the business

The principal activity of the company continued to be that of running retail shops.

The directors are satisfied with the results for the year.

Results and dividends

The results for the year are set out on page 4.

The directors do not recommend the payment of a dividend.

Directors

The following directors have held office since 1 September 2000:

Sir Mohammed Anwar Pervez	
Zameer Mohammed Choudrey	
Tariq Mahmood Abbasi	(Resigned 21 February 2002)
Rizwan Pervez	(Appointed 10 January 2001)

Directors' interests

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

	Ordinary shares of £ 1 each	
	31 August 2001	1 September 2000
Sir Mohammed Anwar Pervez	15	15
Zameer Mohammed Choudrey	55	55
Tariq Mahmood Abbasi	-	-
Rizwan Pervez	15	15

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Simmons Gainsford be reappointed as auditors of the company will be put to the Annual General Meeting.

BUYBEST LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2001

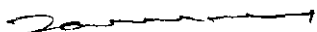
Directors' responsibilities

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.

On behalf of the board



.....

Zameer Mohammed Choudrey

Director

3 April 2002

.....

BUYBEST LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BUYBEST LIMITED

We have audited the financial statements of Buybest Limited on pages 4 to 12 for the year ended 31 August 2001. 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 August 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Simmons Gainsford

Simmons Gainsford

Chartered Accountants
Registered Auditor

4 April 2002
.....

5th Floor
7/10 Chandos Street
London
W1G 9DQ

BUYBEST LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2001

	Notes	Year ended 31 August 2001 £	Year ended 31 August 2000 £
Turnover	2	5,099,093	4,962,833
Cost of sales		(3,789,733)	(3,653,438)
Gross profit		1,309,360	1,309,395
Administrative expenses		(1,558,062)	(1,130,350)
Other operating income		64,294	72,736
Operating (loss)/profit	3	(184,408)	251,781
Other interest receivable and similar income		39,222	29,321
Interest payable and similar charges	4	-	(1,031)
(Loss)/profit on ordinary activities before taxation		(145,186)	280,071
Tax on (loss)/profit on ordinary activities	5	28,402	(55,759)
(Loss)/profit on ordinary activities after taxation	12	(116,784)	224,312

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

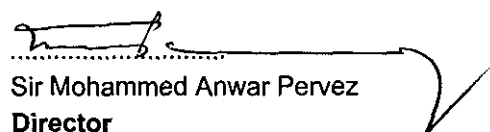
There are no recognised gains and losses other than those passing through the profit and loss account.

BUYBEST LIMITED

BALANCE SHEET AS AT 31 AUGUST 2001

	Notes	2001 £	£	2000 £	£
Fixed assets					
Tangible assets	6		1,205,060		1,175,893
Current assets					
Stocks	7	269,192		233,083	
Debtors	8	143,822		70,026	
Cash at bank and in hand		909,737		821,204	
		<u>1,322,751</u>		<u>1,124,313</u>	
Creditors: amounts falling due within one year	9	<u>(1,039,202)</u>		<u>(694,892)</u>	
Net current assets			283,549		429,421
Total assets less current liabilities			1,488,609		1,605,314
Provisions for liabilities and charges	10		<u>(1,770)</u>		<u>(1,691)</u>
			<u>1,486,839</u>		<u>1,603,623</u>
Capital and reserves					
Called up share capital	11		100		100
Profit and loss account	12		1,486,739		1,603,523
Shareholders' funds - equity interests	13		<u>1,486,839</u>		<u>1,603,623</u>

The financial statements were approved by the Board on 3 April 2002


Sir Mohammed Anwar Pervez
Director

BUYBEST LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2001

	Year ended 31 August 2001 £	Year ended 31 August 2000 £
Net cash inflow from operating activities	207,599	349,702
Returns on investments and servicing of finance		
Interest received	39,222	29,321
Interest paid	-	(1,031)
	<u>39,222</u>	<u>(1,031)</u>
Net cash inflow for returns on investments and servicing of finance	39,222	28,290
Taxation	(61,488)	(47,893)
Capital expenditure		
Payments to acquire tangible assets	(75,332)	(19,149)
	<u>(75,332)</u>	<u>(19,149)</u>
Net cash outflow for capital expenditure	(75,332)	(19,149)
	<u>110,001</u>	<u>310,950</u>
Net cash inflow before management of liquid resources and financing	110,001	310,950
	<u>110,001</u>	<u>310,950</u>
Increase in cash in the year	<u>110,001</u>	<u>310,950</u>

BUYBEST LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2001

1	Reconciliation of operating (loss)/profit to net cash inflow from operating activities	2001	2000
		£	£
	Operating (loss)/profit	(184,408)	251,781
	Depreciation of tangible assets	43,127	50,608
	Loss on disposal of tangible assets	3,038	-
	(Increase)/decrease in stocks	(36,109)	36,251
	(Increase)/decrease in debtors	(26,565)	10,777
	Increase in creditors within one year	408,516	285
	Net cash inflow from operating activities	207,599	349,702

2	Analysis of net funds	1 September 2000	Cash flow	Other non-cash changes	31 August 2001
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	821,204	88,533	-	909,737
	Bank overdrafts	(227,934)	21,468	-	(206,466)
	Net funds	593,270	110,001	-	703,271

3	Reconciliation of net cash flow to movement in net funds	2001	2000
		£	£
	Increase in cash in the year	110,001	310,950
	Movement in net funds in the year	110,001	310,950
	Opening net funds	593,270	282,320
	Closing net funds	703,271	593,270

BUYBEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2001

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 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land 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 Freehold	None
Land and buildings Leasehold	Over term of lease
Computer equipment	25% straight line
Fixtures, fittings & equipment	15% reducing balance
Motor vehicles	25% reducing balance

Freehold properties are maintained to ensure that their value does not diminish over time. The maintenance costs are charged to profit and loss in the year incurred. In the directors' opinion, depreciation would be immaterial and has not been charged.

1.4 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

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 directors, 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)/profit	2001 £	2000 £
Operating (loss)/profit is stated after charging:		
Depreciation of tangible assets	43,127	50,608
Operating lease rentals	336,786	278,541
Auditors' remuneration	5,140	4,500

BUYBEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2001

4	Interest payable						2001	2000
							£	£
	On bank loans and overdrafts						-	1,031
5	Taxation						2001	2000
							£	£
	Domestic current year taxation							
	U.K. corporation tax						(47,231)	61,488
	Adjustment for prior years						18,750	(3,087)
	Deferred taxation						79	2,642
							(28,402)	55,759
6	Tangible fixed assets							
		Land and buildings Freehold	Land and buildings Leasehold	Computer equipment	Fixtures, fittings & equipment	Motor vehicles		Total
		£	£	£	£	£		£
	Cost							
	At 1 September 2000	955,409	143,183	57,359	347,537	120,885		1,624,373
	Additions	-	15,746	8,331	40,035	11,220		75,332
	Disposals	-	-	-	-	(43,635)		(43,635)
	At 31 August 2001	955,409	158,929	65,690	387,572	88,470		1,656,070
	Depreciation							
	At 1 September 2000	-	34,474	56,818	275,178	82,010		448,480
	On disposals	-	-	-	-	(40,597)		(40,597)
	Charge for the year	-	11,880	2,624	16,859	11,764		43,127
	At 31 August 2001	-	46,354	59,442	292,037	53,177		451,010
	Net book value							
	At 31 August 2001	955,409	112,575	6,248	95,535	35,293		1,205,060
	At 31 August 2000	955,409	108,709	541	72,359	38,875		1,175,893
7	Stocks						2001	2000
							£	£
	Finished goods and goods for resale						269,192	233,083

BUYBEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2001

8 Debtors	2001 £	2000 £
Trade debtors	7,489	3,709
Corporation tax	47,231	-
Other debtors	47,977	32,528
Prepayments and accrued income	41,125	33,789
	<u>143,822</u>	<u>70,026</u>

9 Creditors: amounts falling due within one year	2001 £	2000 £
Bank loans and overdrafts	206,466	227,934
Trade creditors	321,507	214,593
Corporation tax	18,750	61,488
Other taxes and social security costs	46,342	28,132
Other creditors	11,496	8,977
Accruals and deferred income	434,641	153,768
	<u>1,039,202</u>	<u>694,892</u>

10 Provisions for liabilities and charges

	Deferred taxation £
Balance at 1 September 2000	1,691
Profit and loss account	79
	<u>1,770</u>
Balance at 31 August 2001	<u>1,770</u>

Deferred taxation provided in the financial statements is as follows:

	Fully provided 2001 £	2000 £
Accelerated capital allowances	<u>1,770</u>	<u>1,691</u>

BUYBEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2001

11 Share capital	2001 £	2000 £
Authorised		
1,000 Ordinary shares of £ 1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
100 Ordinary shares of £ 1 each	<u>100</u>	<u>100</u>

12 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 September 2000	1,603,523
Retained loss for the period	(116,784)
Balance at 31 August 2001	<u>1,486,739</u>

13 Reconciliation of movements in shareholders' funds	2001 £	2000 £
(Loss)/Profit for the financial year	(116,784)	224,312
Opening shareholders' funds	<u>1,603,623</u>	<u>1,379,311</u>
Closing shareholders' funds	<u>1,486,839</u>	<u>1,603,623</u>

14 Financial commitments

At 31 August 2001 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2001 £	2000 £
Expiry date:		
In over five years	<u>284,700</u>	<u>199,700</u>

BUYBEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2001

15 Directors' emoluments	2001	2000
	£	£
Emoluments for qualifying services	378,159	60,611

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	300,000	60,611
------------------------------------	---------	--------

16 Employees

Number of employees

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

	2001	2000
	Number	Number
Retailing	55	44

Employment costs

	£	£
Wages and salaries	943,053	607,953
Social security costs	88,668	50,486
	1,031,721	658,439

17 Control

The company is under the control of the director, Zameer Mohammed Choudrey, who is beneficially interested in 55% of the issued share capital.

18 Related party transactions

During the year, the company made purchases from Bestway Cash & Carry Limited of £2,868,524 (2000: £2,697,716).

Included in other debtors is an amount of £270 (2000: £nil) due from Bestway Cash & Carry Limited and £15,034 (2000:£1,936) due from Bestway Stores. Sir Mohammed Anwar Pervez and Zameer Mohammed Choudrey are directors and shareholders of Bestway Cash & Carry Limited and are partners in Bestway Stores.