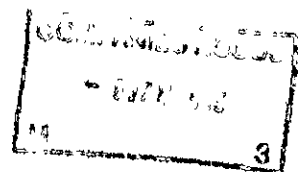


HEADWAY CONSTRUCTION COMPANY LIMITED

**FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED APRIL 25, 1992**



Company Number: 332507

HEADWAY CONSTRUCTION COMPANY LIMITED

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HEADWAY CONSTRUCTION COMPANY LIMITED

REPORT OF THE DIRECTORS

The directors submit their report and the financial statements for the 52 weeks ended April 25, 1992.

Principal activities, trading review and future developments

Historically the company has been engaged in the undertaking of building construction and property developments. Since April 28, 1990, the company has continued to run down its operations.

Results

The loss for the year after taxation amounted to £5,607,000 (1991 - £8,770,000) all of which was transferred to reserves. The directors do not recommend payment of a dividend.

Post balance sheet event

The amendments to the ultimate parent undertaking's financing agreements and the proposed reorganisation of its share capital announced on July 23, 1992 are summarised in note 16 to the financial statements.

Tangible fixed assets

Changes in tangible fixed assets are set out in note 8 to the financial statements.

Directors and directors' interests

The directors during the year were as follows:

M E Hignell	(resigned September 20, 1991)
A C Mitchell-Innes	(appointed September 20, 1991)
R H H Nellist	(appointed April 23, 1992)
E H Sharp	(appointed September 20, 1991)
D D Smith	(resigned September 20, 1991)

The directors at April 25, 1992 and throughout the year under review had no interest in the share capital of the company.

The directors' interests in the share capital of the ultimate parent undertaking, Isosceles PLC, are shown in that company's financial statements.

HEADWAY CONSTRUCTION COMPANY LIMITED
REPORT OF THE DIRECTORS
(continued)

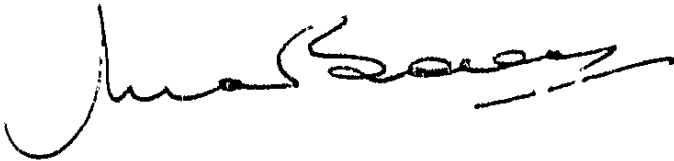
Directors and directors' interests (continued)

No director had directly or indirectly a material interest in any contract significant to the company's business during the year under review.

Auditors

A resolution to re-appoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board



M A Brown
Secretary

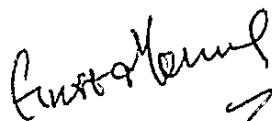
August 28, 1992

Stockley House
130, Wilton Road
London
SW1V 1LU

**REPORT OF THE AUDITORS
TO THE MEMBERS OF
HEADWAY CONSTRUCTION COMPANY LIMITED**

We have audited the financial statements on pages 4 to 14 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company at April 25, 1992 and of its loss for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.



*Chartered Accountants
Registered Auditor*

Bristol

August 28, 1992

HEADWAY CONSTRUCTION COMPANY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE 52 WEEKS ENDED APRIL 25, 1992

	Note	1991/92	1990/91
		£'000	£'000
Turnover	2	2,408	11,224
Costs and overheads less other income	3	(2,927)	(11,480)
Trading loss before exceptional items		(519)	(256)
Exceptional items	4	(748)	(4,208)
Trading loss		(1,267)	(4,464)
Interest payable and similar charges	5	(4,348)	(4,479)
Loss on ordinary activities before taxation		(5,615)	(8,943)
Tax on loss on ordinary activities	7	8	173
Retained loss for the financial period	14	(5,607)	(8,770)

The notes on pages 6 to 13 form part of these financial statements.

HEADWAY CONSTRUCTION COMPANY LIMITED

BALANCE SHEET AT APRIL 25, 1992

		April 25, 1992		April 27, 1991	
	Note	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	8		3		45
Current assets					
Work-in-progress		6,589		9,288	
Debtors	9	130		220	
		<u>6,719</u>		<u>9,508</u>	
Creditors					
Amounts falling due within one year	10	29,792		26,990	
		<u>29,792</u>		<u>26,990</u>	
Net current liabilities			(23,073)		(17,482)
Total current liabilities less assets			(23,070)		(17,437)
Provisions for liabilities and charges	11		(3)		(29)
			<u>(23,073)</u>		<u>(17,466)</u>
Capital and reserves					
Called up share capital	13		200		200
Profit and loss account	14		(23,273)		(17,666)
			<u>(23,073)</u>		<u>(17,466)</u>

A C Mitchell-Innes

R H H Nellist

August 28, 1992

Directors

The notes on pages 6 to 13 form part of these financial statements.

HEADWAY CONSTRUCTION COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED APRIL 25, 1992

1. Accounting policies

The financial statements have been prepared under the historical cost convention and comply with the requirements of applicable accounting standards. The principal accounting policies remained unchanged throughout the year and are as set out below.

Accounting basis

The current year's financial statements have been prepared so as to disclose the progress during the year of closing down the company's operations including provision for additional losses now anticipated. The ultimate parent undertaking has indicated its intention to provide financial support to enable the company to meet its liabilities as they fall due.

Turnover

Turnover is the total amount receivable in respect of amounts billed under completed contracts, excluding value added tax.

Depreciation

Depreciation is provided on a straight line basis at rates which reduce the book value of assets to estimated residual value at the end of their useful lives.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences to the extent that they are expected to reverse in the future and is calculated at the rate at which it is estimated that tax will be payable.

Work-in-progress

Work-in-progress is stated at the lower of cost and net realisable value. Provision is made in the accounts for amounts not recoverable and for foreseeable losses. Foreseeable losses are those which are currently estimated to arise over the duration of the contracts irrespective of the stage of completion at the balance sheet date.

HEADWAY CONSTRUCTION COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED APRIL 25, 1992 (continued)

2. Turnover and loss on ordinary activities before taxation

Turnover and loss on ordinary activities before taxation are attributable to one activity, the undertaking of building construction, and is transacted wholly in the United Kingdom.

	1992	1991
	£'000	£'000
Sales on completed contracts	2,408	11,224
	<hr/>	<hr/>

3. Costs and overheads less other income

	1991/92	1990/91
	£'000	£'000
Raw materials and consumables	2,801	11,355
Other operating charges	136	7
Staff operating costs (note 6)	(19)	97
Depreciation of tangible fixed assets	8	24
Auditors' remuneration	6	18
Other operating income	(5)	(21)
	<hr/>	<hr/>
	2,927	11,480
	<hr/>	<hr/>

HEADWAY CONSTRUCTION COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED APRIL 25, 1992 (continued)

4. Exceptional item

	1991/92	1990/91
	£'000	£'000
Write-off and provision against amounts due by group undertakings	-	2,152
Additional losses anticipated on run-down of company's activities	748	2,056
	<hr/>	<hr/>
	748	4,208
	<hr/>	<hr/>

5. Interest payable and similar charges

	1991/92	1990/91
	£'000	£'000
Group undertakings	4,348	4,479
	<hr/>	<hr/>

6. Directors and employees

	1991/92	1990/91
	£'000	£'000
Staff costs during the year		
Wages and salaries	(9)	75
Social security costs	(8)	16
Pension costs	(2)	6
	<hr/>	<hr/>
	(19)	97
	<hr/>	<hr/>

HEADWAY CONSTRUCTION COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED APRIL 25, 1992
(continued)

6. Directors and employees (continued)

There were no employees during the year. (Average number of employees 1990/91 - 3).

The £19,000 credit arose as a result of over-providing for staff costs in the prior year.

No emoluments were paid to the directors by the company during the 52 weeks ended April 25, 1992 but amounts were paid to the company's directors by other members of the group.

7. Tax on loss on ordinary activities

The taxation credit based on the results for the year is made up as follows:

	1991/92	1990/91
	£'000	£'000
Deferred tax	(8)	(173)

The company has surrendered its current tax losses by way of group relief.

The company is not a close company within the meaning of the Income and Corporation Taxes Act 1988.

HEADWAY CONSTRUCTION COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED APRIL 25, 1992
(continued)

8. Tangible fixed assets

	Plant and Equipment
	£'000
At cost	
At April 27, 1991	121
Group transfers	(85)
Disposals and assets scrapped	(23)
	—
At April 25, 1992	13
	—
Depreciation	
At April 27, 1991	76
Charge for the period	8
Group transfers	(62)
Disposals and assets scrapped	(12)
	—
At April 25, 1992	10
	—
Net book amount at April 25, 1992	3
	—
Net book amount at April 27, 1991	45
	—

HEADWAY CONSTRUCTION COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED APRIL 25, 1992
(continued)

9. Debtors - amounts falling due within one year

	1992	1991
	£'000	£'000
Trade debtors	2	38
Prepayments and accrued income	3	1
Other debtors	30	31
VAT	95	150
	<hr/>	<hr/>
	130	220
	<hr/>	<hr/>

10. Creditors - amounts falling due within one year

	1992	1991
	£'000	£'000
Bank overdraft	160	54
Trade creditors	24	365
Amounts owed to group companies	29,261	26,191
Current taxation	321	321
Other taxes and social security costs	-	47
Accruals and deferred income	26	12
	<hr/>	<hr/>
	29,792	26,990
	<hr/>	<hr/>

HEADWAY CONSTRUCTION COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED APRIL 25, 1992 (continued)

11. Provisions for liabilities and charges

	Total	Provision for future losses and costs	Deferred taxation
	£'000	£'000	£'000
At April 27, 1991	29	21	8
Utilised during year	(26)	(18)	(8)
	<hr/>	<hr/>	<hr/>
At April 25, 1992	3	3	-
	<hr/>	<hr/>	<hr/>

12. Deferred taxation

	1992	1991
	£'000	£'000
Accelerated capital allowances	-	8
	<hr/>	<hr/>

13. Called up share capital

	April 25, 1992 and April 27, 1991	
	Number	£'000
Authorised, issued and fully paid		
Ordinary shares of £1 each	100,000	100
Deferred shares of £1 each	100,000	100
	<hr/>	<hr/>
	200,000	200
	<hr/>	<hr/>

HEADWAY CONSTRUCTION COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED APRIL 25, 1992
(continued)

14. Reserves

	Profit and Loss Account
	£'000
At April 27, 1991	(17,666)
Retained loss for the year	(5,607)
	<hr/>
At April 25, 1992	(23,273)
	<hr/>

15. Contingent liabilities and guarantees

The company has granted a guarantee and debenture containing fixed and floating charges over its whole undertaking and assets under which it guaranteed all present and future obligations of Isosceles PLC and each of its subsidiary undertakings. The principal sum guaranteed at April 25, 1992 amounted to £1,271,000,000 (1991 - £1,288,106,000).

The liabilities guaranteed by the company are also guaranteed by the principal subsidiary undertakings of Isosceles PLC on similar terms.

16. Post balance sheet event

Isosceles PLC, the ultimate parent undertaking, announced on July 23, 1992 that agreement had been reached in principle with its senior and mezzanine lenders and its major holders of ordinary and preference shares in relation to amendments to its financing agreements and to a proposed reorganisation of its share capital (the "Reorganisation"). The Reorganisation is conditional, inter alia, on the consent of the ordinary shareholders and the preference shareholders of Isosceles PLC at an Extraordinary General Meeting to be held on October 8, 1992. Shareholders who in aggregate hold approximately 95% of each of the ordinary and preference share capital of the ultimate parent undertaking have irrevocably undertaken to give their consent.

HEADWAY CONSTRUCTION COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED APRIL 25, 1992
(continued)**

17. Ultimate parent undertaking

The parent undertaking of the group of undertakings for which group accounts are drawn up and of which the company is a member is Isosceles PLC, registered in Scotland. Copies of Isosceles PLC's accounts can be obtained from Stockley House, 130 Wilton Road, London, SW1V 1LU.