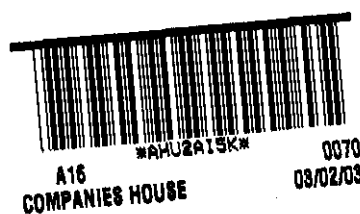

Galliford Building Group Limited

Report and Financial Statements

◆ *Year ended 30 June 2002* ◆



GALLIFORD BUILDING GROUP LIMITED

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GALLIFORD BUILDING GROUP LIMITED

COMPANY INFORMATION

Directors G R Marsh (resigned 31 October 2002)
 P K Bullock (resigned 12 December 2001)
 F E Nelson (appointed 1 November 2002)

Secretary R Barraclough

Registered office Cowley Business Park
 Cowley
 Uxbridge
 UB8 2AL

Registered number 892823

Auditors PricewaterhouseCoopers
 Harman House
 1 George Street
 Uxbridge
 UB8 1QQ

GALLIFORD BUILDING GROUP LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 30 June 2002.

Principal activities

The principal activity is that of intermediate holding company for certain subsidiaries within the Galliford Try group.

Business review and future developments

The results for the year are presented in the profit and loss account on page 5. The future profits of the company are dependent upon the performance of its subsidiary undertakings.

Dividends

The directors recommend a final dividend of £4,293,000 (2001 : £2,033,000) to be paid in respect of the year ended 30 June 2002.

Directors

The present directors of the company are set out on page 1.

F E Nelson is a director of Galliford Try plc and his interests in its share capital are disclosed in the financial statements of Galliford Try plc.

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 these financial statements, the directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable accounting standards; and
- prepared the financial statements on the going concern basis.

GALLIFORD BUILDING GROUP LIMITED

REPORT OF THE DIRECTORS **(Continued)**

Directors' responsibilities (continued)

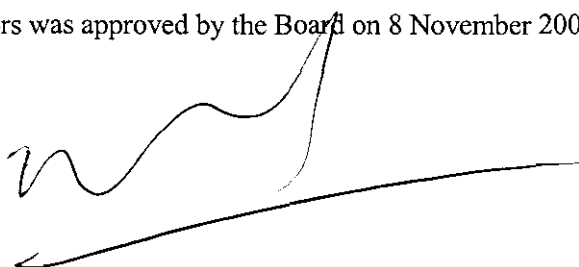
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets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

Auditors

A resolution to re-appoint PricewaterhouseCoopers as auditors of the company will be proposed at the forthcoming Annual General Meeting.

The report of the directors was approved by the Board on 8 November 2002 and signed on its behalf by:

R BARRACLOUGH
Secretary

A handwritten signature in black ink, appearing to be 'R Barracough', written over a horizontal line.

Independent auditors' report to the members of Galliford Building Group Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

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

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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

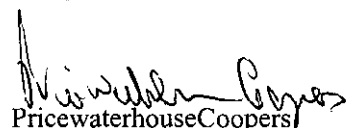
Basis of audit opinion

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 at 30 June 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London, 8 November 2002

GALLIFORD BUILDING GROUP LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 30 June 2002

	2002	2001
	£	£
Net operating expenses	4,443,208	2,033,000
	<hr/>	<hr/>
Profit on ordinary activities before taxation	4,443,208	2,033,000
	<hr/>	<hr/>
Profit on ordinary activities after taxation	4,443,208	2,033,000
Dividends – proposed	(3,465,000)	(2,033,000)
	<hr/>	<hr/>
Profit for the financial year	978,208	-
	<hr/>	<hr/>

All items presented in the profit and loss account above relate to continuing activities.

There were no recognised gains or losses other than those shown in the profit and loss account above.

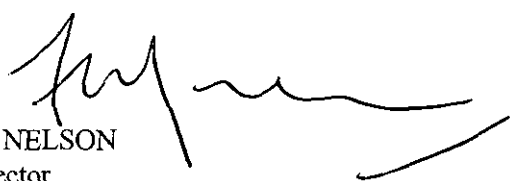
There is no difference between the result shown in the profit and loss account above and the results on an unmodified historical cost basis.

GALLIFORD BUILDING GROUP LIMITED

BALANCE SHEET
at 30 June 2002

	Note	2002 £	2001 £
Fixed assets			
Investments	3	2,491,281	2,016,149
		<hr/>	<hr/>
Current assets			
Debtors	4	4,293,000	2,033,000
Cash at bank		-	5,160,341
		<hr/>	<hr/>
		4,293,000	7,193,341
Creditors: Amounts falling due within one year	5	(5,411,820)	(8,815,237)
		<hr/>	<hr/>
Net current assets		(1,118,820)	(1,621,896)
		<hr/>	<hr/>
Net assets		1,372,461	394,253
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	6	100	100
Profit and loss account	7	1,372,361	394,153
		<hr/>	<hr/>
Equity shareholders' funds		1,372,461	394,253
		<hr/>	<hr/>

The financial statements were approved by the Board on 8 November 2002 and signed on its behalf by:



F E NELSON
Director

GALLIFORD BUILDING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 June 2002

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable Accounting Standards in the United Kingdom.

Change in accounting policy

The company has adopted FRS 19 'Deferred Tax' in these financial statements. The adoption of this standard represents a change in accounting policy but did not require any restatement of the comparative figures as there was no impact on deferred tax recognised.

Cash flow

The financial statements do not include a cash flow statement because the company, as a wholly owned subsidiary, is exempt from the requirement to prepare such a statement under Financial Reporting Standard No1 (Revised) "Cash Flow Statements".

Investments

Investments are stated at cost less provision for impairment.

Deferred tax

Deferred tax is accounted for on an undiscounted basis at expected rates on all differences arising from the inclusion of items of income or expenditure in tax computations in periods different from those in which they are included in the financial statements. A deferred tax asset is only recognised when it is more likely than not that the asset will be recoverable in the foreseeable future out of suitable profits from which the underlying timing difference can be deducted.

2. EMPLOYEES

The emoluments of the directors of the company, who are also directors of Galliford Try plc, are disclosed in that company's financial statements for their services to the group as a whole. The company had no employees during the period (2001: None).

The auditors' remuneration is borne by the ultimate holding company.

GALLIFORD BUILDING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 June 2002

3. FIXED ASSETS - INVESTMENTS

	Shares in group undertakings £
Cost	
At 1 July 2001	2,016,149
Additions	500,000
Amounts written off	(24,868)
Net book value	
At 30 June 2002	2,491,281

The company holds 100% of the issued ordinary shares capital of the following subsidiary undertakings, all of which are registered in Great Britain:

Galliford and Sons Limited	Galliford (UK) Limited
Galliford Try Properties Limited	Rock and Alluvium Limited
Galliford Pipeline Services Limited	Stamford Homes Limited
Galliford Hodgson Limited	

Consolidated financial statements are not prepared as the company is a wholly owned subsidiary of another United Kingdom company. In the opinion of the directors of the company, the aggregate value of the assets of the company comprising shares in, or amounts owing from, the company's subsidiary undertakings is not less than the aggregate of the amounts at which these assets are stated or included in the company's balance sheet.

4. DEBTORS

	2002 £	2001 £
Amounts recoverable within one year:		
Amounts owed by group undertaking:		
Dividends receivable	4,293,000	2,033,000
	<hr/>	<hr/>
	4,293,000	2,033,000
	<hr/>	<hr/>

GALLIFORD BUILDING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS**30 June 2002****5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2002	2001
	£	£
Amounts owed to group undertakings	1,946,820	6,782,237
Proposed dividend	3,465,000	2,033,000
Accruals	-	-
	<hr/>	<hr/>
	5,411,820	8,815,237
	<hr/>	<hr/>

6. SHARE CAPITAL

	2002	2001
	£	£
Authorised		
100 ordinary shares of £1 each	100	100
	<hr/>	<hr/>
Allotted, called up and fully paid		
100 ordinary shares of £1 each	100	100
	<hr/>	<hr/>

7. PROFIT AND LOSS ACCOUNT

	£
At 1 July 2001	394,153
Profit for financial year	<u>978,208</u>
At 30 June 2002	<u>1,372,361</u>

8. ULTIMATE PARENT COMPANY

The immediate and ultimate parent company and controlling party is Galliford Try plc which is registered in England and Wales. Copies of the consolidated financial statements of Galliford Try plc can be obtained from The Company Secretary, Galliford Try plc, Cowley Business Park, Cowley, Uxbridge, Middlesex UB8 2AL.

9. RELATED PARTY TRANSACTIONS

Transactions with other group companies have not been separately disclosed as the company is a wholly-owned subsidiary of Galliford Try plc.