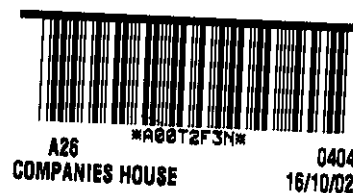


Financial Statements - 31 March 2002

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Rydon Construction Limited

Financial Statements - 31 March 2002

Directors:

R Bond
C P Dixon
P A Hance
M C Mitchener
M J Pollard
D L Seal
P C Stevens

Secretary:

P T Wright

Registered Office:

Bevis Marks House
24 Bevis Marks
London
EC3A 7NR

Registered Auditors:

Mazars
37 Frederick Place
Brighton
BN1 4EA

Registered Number:

1292680

Rydon Construction Limited

Directors' Report

The directors present their report and the financial statements for the 18 month period ended 31 March 2002.

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of the 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;
- state whether applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 maintaining 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.

Review of the Business and Future Developments

The principal activity of the company continued to be that of building contractors and developers.

Both the level of business and the period end financial position were satisfactory. The directors are confident that the present level of activity will be sustained in the coming year and that profits will be maintained.

Results and Dividends

The results of the company for the 18 month period ended 31 March 2002 are set out in the financial statements on pages 5 to 16.

A dividend of £35.714 per share on the issued ordinary share capital amounting to £750,000 was paid during the period (2000 - £500,000).

Rydon Construction Limited

Directors' Report (continued)

Directors

The directors set out below have held office during the whole of the period from 1 October 2000 to the date of this report, unless otherwise stated:

R Bond	M J Pollard
C P Dixon	D L Seal
P A Hance	P C Stevens
M C Mitchener	

None of the directors had any interest in the shares of the company, according to the register of directors' interests, at any time during the 18 month period ended 31 March 2002. The interests of R Bond and C P Dixon in the shares of the parent company, Rydon Group Limited, are set out in the directors' report of that company.

The interests of M J Pollard and P C Stevens in the shares of the parent company, Rydon Group Limited, are as shown below:

	In Issue		Under Option	
	31 March 2002 Ordinary shares of 25p each	1 October 2000 Ordinary shares of 25p each	31 March 2002 Ordinary shares of 25p each	1 October 2000 Ordinary shares of 25p each
M J Pollard	578	578	10,632	10,632
P C Stevens	7,529	7,529	-	-

No rights to subscribe for shares in the company or any body corporate in the same group were granted to or exercised by any director during the period.

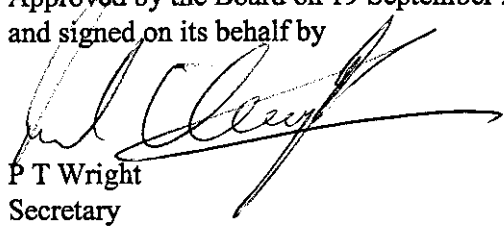
General Meetings

The company has elected in pursuance of Section 252, Companies Act 1985, not to lay accounts before members in general meeting. Members, however, may by notice in writing to the company at its registered office request that the accounts are laid before the company in general meeting.

Auditors

An elective resolution has been passed in accordance with Section 386, Companies Act 1985, to dispense with the annual re-appointment of auditors.

Approved by the Board on 19 September 2002
and signed on its behalf by


P T Wright
Secretary

Bevis Marks House
24 Bevis Marks
London EC3A 7NR

Independent Auditors' Report to the Shareholders of Rydon Construction Limited

We have audited the financial statements of Rydon Construction Limited for the 18 month period ended 31 March 2002 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities 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.

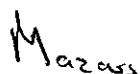
Basis of opinion

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 at 31 March 2002 and of its profit for the 18 month period then ended and have been properly prepared in accordance with the Companies Act 1985.



Mazars
Chartered Accountants
and Registered Auditors
37 Frederick Place
Brighton

19 September 2002

Rydon Construction Limited

Profit and Loss Account

For the 18 Month Period Ended 31 March 2002

	Notes	2002 (18 Months) £	2000 (12 Months) £
Turnover	2	84,625,459	53,971,568
Cost of contracts		<u>(73,322,722)</u>	<u>(47,202,553)</u>
Gross Profit		11,302,737	6,769,015
Administrative expenses		<u>(9,506,001)</u>	<u>(5,555,028)</u>
Operating Profit		1,796,736	1,213,987
Interest receivable and similar income		(1,553)	6,387
Interest payable and similar charges		<u>(59,511)</u>	<u>(57,292)</u>
Profit on Ordinary Activities Before Taxation	3	1,735,672	1,163,082
Taxation on profit on ordinary activities	6	<u>(504,302)</u>	<u>(161,825)</u>
Profit for the Financial Period		1,231,370	1,001,257
Ordinary dividend paid	7	<u>(750,000)</u>	<u>(500,000)</u>
Retained Profit for the Period	13	<u>£481,370</u>	<u>£501,257</u>

The company's turnover and expenses all relate to continuing operations.

The company has no recognised gains or losses other than the profit for the period.

The profit on ordinary activities before taxation and the retained profit have been calculated on the historical cost basis.

Rydon Construction Limited

Balance Sheet at 31 March 2002

	Notes	£	31 March 2002 £	£	30 September 2000 £
Tangible Fixed Assets	8		269,243		196,314
Current Assets					
Work-in-progress	9	150,308		461,781	
Debtors	10	24,704,968		18,696,815	
Cash at bank		<u>2,277,041</u>		<u>2,173,659</u>	
		27,132,317		21,332,255	
Creditors - Amounts Falling Due Within One Year	11	<u>(19,437,326)</u>		<u>(14,045,705)</u>	
Net Current Assets			7,694,991		7,286,550
Net Assets			<u>£7,964,234</u>		<u>£7,482,864</u>
Capital and Reserves					
Called up share capital	12		42,000		42,000
Profit and loss account	13		<u>7,922,234</u>		<u>7,440,864</u>
Shareholders' Funds (Including non-equity interests)	13		<u>£7,964,234</u>		<u>£7,482,864</u>

Approved by the Board on 19 September 2002, and signed on its behalf by



C P Dixon - Director

Rydon Construction Limited

Notes to the Financial Statements

For the 18 Month Period Ended 31 March 2002

1. Accounting Policies

The financial statements have been prepared in accordance with applicable accounting standards.

(a) Accounting convention

The financial statements are prepared under the historical cost convention.

(b) Turnover

Turnover represents amounts invoiced, excluding value added tax, in respect of construction and development work.

(c) Depreciation

Depreciation is calculated to write off the cost of fixed assets on a straight line basis over their estimated useful lives.

(d) Work-in-progress

Work-in-progress is valued at the lower of cost and estimated net realisable value. Cost consists of materials, direct labour and direct overhead costs. For both short term and long term contracts, where profits can reasonably be foreseen, the proportion of the estimated total profit on each contract attributable to the value of work carried out is included in the valuation. Progress payments received or receivable at the balance sheet date are deducted up to the amount of the valuation, any excess being included in current liabilities as progress payments received in advance.

(e) Deferred taxation

Deferred taxation is provided in full on timing differences which represent a liability at the balance sheet date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets and liabilities are not discounted.

The above policy has been changed from the company's previous accounting policy for deferred taxation as a result of the implementation of the new Financial Reporting Standard 19. The required prior year adjustment has not been made by the company as in the opinion of the directors its effect would be immaterial to the financial statements.

(f) Pension costs

Contributions payable to the group's pension scheme are charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees in the scheme. The pension charge is calculated on the basis of actuarial advice and is recharged from the parent company.

Rydon Construction Limited

Notes to the Financial Statements

For the 18 Month Period Ended 31 March 2002

2. Segmental Information

The turnover, profit before taxation and net assets are attributable to the principal activity, that of building contractors and developers. The company operates in the UK and the whole of its turnover is to the UK market.

3. Profit on Ordinary Activities Before Taxation

	2002 (18 Months) £	£	2000 (12 Months) £
The profit on ordinary activities before taxation is stated after charging:			
Depreciation of tangible fixed assets	159,366		207,886
Hire of plant and machinery	<u>2,168,528</u>		<u>1,294,908</u>

Bank overdraft facilities are arranged on a group basis and consequently individual companies do not bear specific charges for interest on their borrowings. A contribution to interest charged to the group is made within the management charges levied by the company's parent company.

4. Directors

	2002 (18 Months) £	£	2000 (12 Months) £
Remuneration			
Total emoluments receivable from Rydon Group Limited in respect of management services provided to Rydon Construction Limited	864,751		427,620
Contributions to money purchase pension schemes	<u>-</u>		<u>25,368</u>
	<u>£864,751</u>		<u>£452,988</u>

The directors are all employed and paid by Rydon Group Limited.

Rydon Construction Limited

Notes to the Financial Statements

For the 18 Month Period Ended 31 March 2002

4. Directors (continued)

The emoluments of directors disclosed above include the following amounts paid to the highest paid director:

	2002 (18 Months) £	2000 (12 Months) £
Emoluments	<u>£170,629</u>	<u>£123,898</u>

During the period the following number of directors:

accrued benefits under money purchase pension schemes

- 3

accrued benefits under defined benefit pension schemes

7 5

Transactions

During the period work valued at over £5,000 was carried out for the following director on the same terms as available to all staff:

	Value of work done £
C P Dixon	43,347
M J Pollard	10,345

The total amount outstanding from directors at the period end was £1,719.

Rydon Construction Limited

Notes to the Financial Statements

For the 18 Month Period Ended 31 March 2002

5. Staff Costs

	2002 (18 Months) £	2000 (12 Months) £
Wages and salaries	1,066,809	612,711
Social security costs	<u>82,935</u>	<u>47,756</u>
	<u>£1,149,744</u>	<u>£660,467</u>

The average number of persons employed by the company (including directors) during the period was as follows:

	Number	Number
Management	7	6
Direct labour	<u>51</u>	<u>48</u>
Total Employees	<u>58</u>	<u>54</u>

The following additional specific charges were made for seventy-seven (2000 - seventy-eight) staff employed and paid by Rydon Group Limited who are engaged in supervision activities:

	2002 (18 Months) £	2000 (12 Months) £
Wages and salaries	3,195,925	2,040,735
Social security costs	326,847	207,143
Other pension costs	<u>196,315</u>	<u>116,298</u>
	<u>£3,719,087</u>	<u>£2,364,176</u>

Rydon Construction Limited

Notes to the Financial Statements

For the 18 Month Period Ended 31 March 2002

6. Taxation on Profit on Ordinary Activities

	2002 (18 Months) £	2000 (12 Months) £
(a) Analysis of charge in the period		
Current Tax		
UK corporation tax on profits for the period	422,455	157,789
Adjustment in respect of previous period	<u>81,847</u>	<u>4,036</u>
	<u>£504,302</u>	<u>£161,825</u>
(b) Factors affecting tax charge for period		

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2002 (18 Months) £	2000 (12 Months) £
Profit on ordinary activities before tax	<u>1,735,672</u>	<u>1,163,082</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in UK of 30% (2000 - 30%)	520,702	348,925
Effects of:		
Expenses not deductible for tax purposes	64,046	42,375
Group relief	(169,181)	(234,230)
Depreciation in period in excess of capital allowances	6,888	719
Adjustment in respect of previous period	<u>81,847</u>	<u>4,036</u>
	<u>£504,302</u>	<u>£161,825</u>

7. Dividend

	2002 (18 Months) £	2000 (12 Months) £
Ordinary dividend paid of £35.71 (2000 - £23.81) per share	<u>£750,000</u>	<u>£500,000</u>

Rydon Construction Limited

Notes to the Financial Statements

For the 18 Month Period Ended 31 March 2002

8. Tangible Fixed Assets

	Plant and machinery £
Cost	
At 1 October 2000	421,239
Additions	232,295
Disposals	<u>(41,713)</u>
At 31 March 2002	<u>£611,821</u>
Accumulated Depreciation	
At 1 October 2000	224,925
Charge for the period	159,366
Eliminated on disposals	<u>(41,713)</u>
At 31 March 2002	<u>£342,578</u>
Net Book Values	
At 31 March 2002	<u>£269,243</u>
At 30 September 2000	<u>£196,314</u>
Depreciation rate	25%

Rydon Construction Limited

Notes to the Financial Statements For the 18 Month Period Ended 31 March 2002

9. Work-in-progress

		31 March 2002		30 September 2000
	£	£	£	£
Costs of construction on own land - long term		51,005		77,759
Third party contracts under construction:				
Short term	7,679,254		16,591,482	
Progress payments received and receivable	<u>(7,579,951)</u>	99,303	<u>(16,207,460)</u>	384,022
Long term	63,244,093		44,670,647	
Progress payments received and receivable	<u>(63,244,093)</u>		<u>(44,670,647)</u>	
		-		-
		<u>£150,308</u>		<u>£461,781</u>

In accordance with SSAP 9 the directors have included attributable profit amounting to £10,769,000 (2000 - £6,713,000) in the value of long term contracts and £2,368,000 (2000 - £2,565,000) in the value of short term contracts.

Rydon Construction Limited

Notes to the Financial Statements For the 18 Month Period Ended 31 March 2002

10. Debtors

	31 March 2002 £	30 September 2000 £
Due Within One Year		
Trade debtors	79,149	133,989
Amounts recoverable on contracts	4,245,596	4,589,826
Amounts owed by group companies	20,156,877	13,189,905
Amounts owed by related companies	68,303	673,767
Other debtors	155,043	109,328
	<u>£24,704,968</u>	<u>£18,696,815</u>

11. Creditors - Amounts Falling Due Within One Year

	31 March 2002 £	30 September 2000 £
Payments received on account	7,900,003	2,267,968
Trade creditors	8,660,579	7,535,147
Amounts owed to group companies	2,606,246	4,003,105
Corporation tax	222,455	157,789
Other taxation	25,742	19,206
Social security costs	8,753	5,221
Other creditors	13,548	57,269
	<u>£19,437,326</u>	<u>£14,045,705</u>

Rydon Construction Limited

Notes to the Financial Statements For the 18 Month Period Ended 31 March 2002

12. Share Capital

	Authorised		Allotted, issued and fully paid	
	31 March 2002 £	30 September 2000 £	31 March 2002 £	30 September 2000 £
Ordinary shares of £1 each	25,000	25,000	21,000	21,000
Deferred ordinary shares of £1 each	<u>25,000</u>	<u>25,000</u>	<u>21,000</u>	<u>21,000</u>
	<u>£50,000</u>	<u>£50,000</u>	<u>£42,000</u>	<u>£42,000</u>

The deferred ordinary shares carry no entitlement to participate in the profits of the company and have no voting rights. In the event of the winding up of the company the deferred ordinary shareholders will receive the amount paid up after payment of £1 per share to the ordinary shareholders.

13. Reconciliation of Movements in Shareholders' Funds

	Share capital £	Profit and loss account £	Total shareholders' funds £
Balance at 1 October 1999	42,000	6,939,607	6,981,607
Profit for the year	-	1,001,257	1,001,257
Dividend paid	-	<u>(500,000)</u>	<u>(500,000)</u>
Balance at 1 October 2000	42,000	7,440,864	7,482,864
Profit for the 18 month period	-	1,231,370	1,231,370
Dividend paid	-	<u>(750,000)</u>	<u>(750,000)</u>
Balance at 31 March 2002	<u>£42,000</u>	<u>£7,922,234</u>	<u>£7,964,234</u>

The total of shareholders' funds comprises

	31 March 2002 £	30 September 2000 £
Non-equity interests attributable to deferred ordinary shareholders	21,000	21,000
Equity interests	<u>7,943,234</u>	<u>7,461,864</u>
	<u>£7,964,234</u>	<u>£7,482,864</u>

Rydon Construction Limited

Notes to the Financial Statements

For the 18 Month Period Ended 31 March 2002

14. Contingent Liabilities

The company has given an unlimited guarantee to its bankers for monies due to the bank by the company's parent company and fellow subsidiary companies. No liability is expected to arise.

15. Parent Company

The ultimate parent company is Rydon Group Limited, a company registered in England and Wales. A copy of the group financial statements can be obtained from the trading address of the parent company, Rydon House, Forest Row, Sussex, RH18 5DW.

16. Related Party Transactions

The company has taken advantage of the exemption conferred to 90% subsidiary undertakings by Financial Reporting Standard No.8 regarding the disclosure of related party transactions within the same group.

The company was related to Ryhurst Limited, Ryhurst (Bexley) Limited, Ryhurst (Black Country) Limited, Ryhurst (Redbridge) Limited, Ryhurst (Essex & Herts) Limited and Civilscent Limited by virtue of ultimate common shareholdings of greater than 50%.

During the period construction work was carried out for the Ryhurst group of companies valued at £14,545,823 (2000 - £8,280,045). These transactions were on normal commercial terms.

At the period end the following amounts were owed to the company by related parties:

	31 March 2002 £	30 September 2000 £
Civilscent Limited	-	£316,843
Ryhurst Limited	£10,648	£10,648
Ryhurst (Bexley) Limited	£4,038	£93,433
Ryhurst (Black Country) Limited	£30,000	£30,000
Ryhurst (Redbridge) Limited	£23,618	£222,843