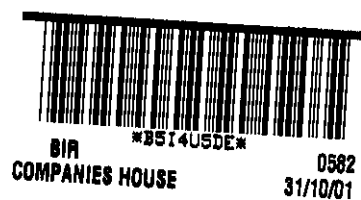


**SOUTH KENSINGTON DEVELOPMENTS
LIMITED**

Report and Financial Statements

31 December 2000

Deloitte & Touche
Colmore Gate
2 Colmore Row
Birmingham
B3 2BN



SOUTH KENSINGTON DEVELOPMENTS LIMITED

REPORT AND FINANCIAL STATEMENTS 2000

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SOUTH KENSINGTON DEVELOPMENTS LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2000.

PRINCIPAL ACTIVITIES

The company is principally engaged in the retention and disposal of land and property for development purposes.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The results for the year are given on page 4. The directors do not anticipate any significant change to the business.

DIVIDENDS AND RESERVES

The directors do not recommend a dividend for the year (1999 - £Nil). The loss for the year after taxation of £594 (1999 - Loss of £2) has been transferred to reserves.

DIRECTORS AND THEIR INTERESTS

The directors of the company who served during the year were:

DT O'Brien
NJH Franklin
Tarmac Nominees Limited
Tarmac Nominees Two Limited

None of the directors who held office at the end of the financial year had any disclosable interests in, or rights to subscribe for, the share and loan capital of the company or any other group company.

AUDITORS

Deloitte & Touche were appointed auditors during the year. Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



CG REYNOLDS

Representing Tarmac Nominees Two Limited
Secretary

Millfields Road
Ettingshall
Wolverhampton
WV4 6JP

31st October 2001

SOUTH KENSINGTON DEVELOPMENTS LIMITED

STATEMENT OF 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 as at the end of the financial year 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.



AUDITORS' REPORT TO THE MEMBERS OF

SOUTH KENSINGTON DEVELOPMENTS LIMITED

We have audited the financial statements on pages 4 to 7 which have been prepared under the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

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 December 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants and Registered Auditors

7. October 2001.

SOUTH KENSINGTON DEVELOPMENTS LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2000

	Note	2000 £	1999 £
Administrative expenses		<u>(594)</u>	<u>(2)</u>
OPERATING LOSS BEING LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(594)	-
Tax on loss on ordinary activities		<u>-</u>	<u>-</u>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR		(594)	(2)
Accumulated losses brought forward		<u>(1,915,817)</u>	<u>(1,915,815)</u>
Accumulated losses carried forward		<u><u>(1,916,411)</u></u>	<u><u>(1,915,817)</u></u>

All activities derive from continuing operations.

There are no recognised gains and losses other than the loss for the financial years. Accordingly, no statement of total recognised gains and losses is given.

There has been no movement in shareholders' funds other than the loss for the years above. Consequently, no reconciliation of movements in shareholders' funds is given.


SOUTH KENSINGTON DEVELOPMENTS LIMITED


BALANCE SHEET **31 December 2000**

	Note	2000 £	1999 £
CURRENT ASSETS			
Cash at bank		26,993	26,993
CREDITORS: amounts falling due within one year	4	<u>(1,943,304)</u>	<u>(1,942,710)</u>
NET LIABILITIES		<u>(1,916,311)</u>	<u>(1,915,717)</u>
CAPITAL AND RESERVES			
Called up share capital	5	100	100
Profit and loss account - deficit		<u>(1,916,411)</u>	<u>(1,915,817)</u>
EQUITY SHAREHOLDERS' DEFICIT		<u>(1,916,311)</u>	<u>(1,915,717)</u>

These financial statements were approved by the Board of Directors on 31st October 2001

Signed on behalf of the Board of Directors


N.H. FRANKLIN *N.H. FRANKLIN*
Director


C G REYNOLDS
Representing Tarmac Nominees Limited
Director

SOUTH KENSINGTON DEVELOPMENTS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2000

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Basis of preparation

The financial statements have been prepared under the historical cost convention and on a going concern basis. The going concern basis assumes that the company will continue to trade since the principal shareholders have indicated that they will provide or procure such funds as are necessary to enable the company to continue its development activities for the period to 31 December 2001.

Cash flow statement

The company is exempt from the requirement to present a cash flow statement under Financial Reporting Standard 1 (Revised), on the grounds of its size.

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The company has no employees other than directors. No remuneration was paid to the directors of the company in either year.

3. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2000	1999
	£	£
Loss on ordinary activities before taxation is stated after charging:		
Auditors' remuneration	<u>594</u>	<u>-</u>

4. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000	1999
	£	£
Amounts owed to shareholders and their related undertakings (see note 6)	1,941,921	1,941,921
Other creditors	789	789
Accruals	<u>594</u>	<u>-</u>
	<u>1,943,304</u>	<u>1,942,710</u>

5. CALLED UP SHARE CAPITAL

	2000	1999
	£	£
Authorised, allotted, called up and fully paid		
50 "A" Ordinary shares of £1 each	50	50
50 "B" Ordinary shares of £1 each	<u>50</u>	<u>50</u>
	<u>100</u>	<u>100</u>

SOUTH KENSINGTON DEVELOPMENTS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2000

6. RELATED PARTY TRANSACTIONS

The company's voting share capital is held equally by Tarmac Properties Home Counties Limited and Amec Properties Limited, both of which are incorporated in the United Kingdom. Tarmac Properties Home Counties Limited is itself a wholly owned subsidiary undertaking of Tarmac Properties Limited which is itself a wholly owned subsidiary of Tarmac Group Limited. At the year end, South Kensington Developments Limited owed Tarmac Properties Limited £971,415 (1999: £971,415) and Amex Properties Limited £970,506 (1999: £970,506).