

CANARY WHARF CONTRACTORS (B4) LIMITED
Registered Number: 3511556

DIRECTORS' REPORT AND ACCOUNTS
FOR THE PERIOD FROM INCORPORATION TO 30 JUNE 1999



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CANARY WHARF CONTRACTORS (B4) LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 30 JUNE 1999

The directors present herewith the audited accounts for the period ended 30 June 1999.

ULTIMATE PARENT UNDERTAKING

The company's immediate parent undertaking is Canary Wharf (B4) Limited, a company registered in England. The company's ultimate UK parent is Canary Wharf Group plc (CWG) and until 6 April 1999 its ultimate parent undertaking was C.W. Investments Limited Partnership, a Cayman Islands undertaking. The limited partnership was dissolved on 6 April 1999 following the shares of CWG being admitted for listing on the London Stock Exchange on 1 April 1999.

INCORPORATION

The company was incorporated on 11 February 1998 with authorised share capital of 100 ordinary £1 shares of which £1 was issued.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The principal activity of the company is building contracting. The company is currently engaged in the design and construction of a building in the second phase of the Canary Wharf project in London's Docklands.

DIVIDENDS AND RESERVES

The profit and loss account for the period ended 30 June 1999 is set out on page 5. The directors do not recommend the payment of a dividend and the retained profit of £1,577,201 is to be transferred to reserves.

DIRECTORS

The directors of the company during the period ended 30 June 1999 were:

A P Anderson
G Iacobescu
G Rothman

DIRECTORS' INTERESTS

The directors have been granted options to subscribe for ordinary shares in CWG. Details of interests and options to subscribe for shares in CWG issued to the directors are disclosed in the accounts of CWG.

Other than the above, no director had any beneficial interest in the shares of the company, its parent undertaking or any of its United Kingdom subsidiaries at 30 June 1999 or at any time throughout the period then ended.

POLICY FOR PAYMENT OF CREDITORS

In respect of the company's suppliers it is the company's policy to settle the terms of payment with those suppliers when agreeing the terms of each transaction, ensure that those suppliers are made aware of the terms of payment and abide by the terms of payment.

The number of days of purchases outstanding at 30 June 1999 was 7.

DIRECTORS' REPORT FOR THE PERIOD ENDED 30 JUNE 1999

YEAR 2000 COMPLIANCE


The Group has assessed the impact of the Year 2000 issue on its reporting systems and operations and on the basis of this assessment has formulated an action plan for dealing with the issues associated with the date change, with a view to rectifying any Year 2000 problem before 2000 and minimising the impact of third parties' lack of Year 2000 compliance. Work has been completed on the core financial system and is progressing according to plan in respect of other business information and operational systems and will be completed prior to the year end. Costs are taken to the profit and loss account for the period in which they are incurred.

After allowing for recoveries, costs incurred in upgrading the Group's systems during the year were not significant. Moreover, the financial cost to be borne by the Group in ensuring compliance with the remaining Year 2000 issues is not expected to be significant to the Group during the subsequent accounting period.

AUDITORS

The company's incumbent auditors, Arthur Andersen, have indicated their willingness to continue in office and a resolution confirming their re-appointment will be submitted at the Annual General Meeting.

BY ORDER OF THE BOARD


..... Company Secretary
J R Garwood

16 September 1999

Registered office:
One Canada Square
Canary Wharf
London
E14 5AB

STATEMENT OF THE DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The directors are required by the Companies Act 1985 to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the results of the company for the period then ended. In preparing these accounts 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 accounts; and
- *Prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.*

The directors have responsibility for ensuring that the company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 1985.

The directors have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

London

**AUDITORS' REPORT TO THE MEMBERS OF
CANARY WHARF CONTRACTORS (B4) LIMITED**

We have audited the accounts on pages 5 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and report our opinion to you.

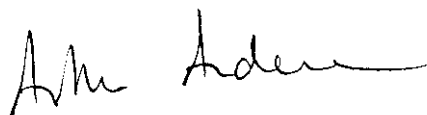
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts 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 the information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 30 June 1999 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen
Chartered Accountants
and Registered Auditors
1 Surrey Street
London
WC2R 2PS

16 September 1999

CANARY WHARF CONTRACTORS (B4) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM INCORPORATION TO 30 JUNE 1999

	Notes	Period Ended 30 June 1999
		£
Turnover		25,441,258
Cost of sales		(25,189,365)
GROSS PROFIT		251,893
Administrative expenses		(5,000)
OPERATING PROFIT	2	246,893
Interest receivable	3	1,340,493
Interest payable and similar charges	4	(10,185)
PROFIT FOR THE FINANCIAL PERIOD	10	1,577,201

Movements in reserves are shown in Note 10 of these accounts.

All amounts relate to continuing activities.

There were no recognised gains or losses for the period ended 30 June 1999 other than those included in the profit and loss account.

The notes on pages 7 to 10 form part of these accounts.

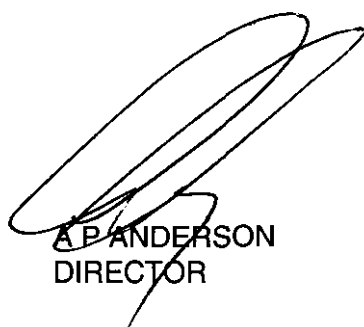
CANARY WHARF CONTRACTORS (B4) LIMITED

BALANCE SHEET AS AT 30 JUNE 1999

	Notes	30 June 1999
		£
CURRENT ASSETS		
Work in progress	6	2,950,519
Debtors	7	3,795,285
Cash at bank and in hand		646,212
		<u>7,392,016</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	8	<u>(5,814,814)</u>
NET ASSETS		<u>1,577,202</u>
CAPITAL AND RESERVES		
Called up share capital	9	1
Profit and loss account	10	1,577,201
SHAREHOLDERS' FUNDS - EQUITY	11	<u>1,577,202</u>

The notes on pages 7 to 10 form part of these accounts.

APPROVED BY THE BOARD ON 16TH SEPTEMBER 1999 AND SIGNED ON ITS BEHALF
BY:



A.P. ANDERSON
DIRECTOR

CANARY WHARF CONTRACTORS (B4) LIMITED

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 JUNE 1999

1 PRINCIPAL ACCOUNTING POLICIES

A summary of the principal accounting policies of the company, all of which have been applied consistently throughout the period, is set out below.

Accounting Convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

In accordance with the provisions of Financial Reporting Standard (FRS) 1 (Revised), a cash flow statement has not been prepared as the company is a wholly-owned subsidiary of a body incorporated in the European Union. A consolidated cash flow statement will be included in the accounts of CWG.

Turnover

Turnover represents amounts charged, net of VAT, in respect of the provision of building services.

Work in progress

Work in progress is stated at the lower of cost and net realisable value. Cost includes construction costs and development expenditure directly related to the development, including attributable interest. Such interest is calculated by reference to the rate of interest payable on the borrowings drawn down to finance the development.

2 OPERATING PROFIT

	Period Ended
	30 June
	1999
The operating profit is stated after charging:	£
Remuneration of the auditors:	
Audit fees	5,000

None of the directors received any emoluments in respect of their services to the company during the year.

No staff were employed by the company other than the directors.

CANARY WHARF CONTRACTORS (B4) LIMITED

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 JUNE 1999

3	INTEREST RECEIVABLE	Period Ended 30 June 1999 £
	Interest receivable from Group undertakings	1,284,874
	Bank interest receivable	55,619
		<u>1,340,493</u>

4	INTEREST PAYABLE AND SIMILAR CHARGES	Period Ended 30 June 1999 £
	Bank loans and overdrafts	1,349,785
	Financing costs	411,738
	Interest payable to Group undertakings	9,686
		<u>1,771,209</u>
	Less: Interest and financing costs relating to development financing transferred to work in progress	<u>(1,761,024)</u>
		<u>10,185</u>

5 TAXATION

No provision for taxation has been made since the profit for the period will be covered by the group relief expected to be made available to the company by other companies in the group. No charge will be made by other group companies for the surrender of group relief.

There is no unprovided deferred taxation. The group has substantial tax losses which may impact on the company's future tax charge.

6	WORK IN PROGRESS	1999 £
	Work in progress	<u>2,950,519</u>
	Movement in the carrying value of work in progress during the period:	£
	Additions	1,189,495
	Interest on development financing	1,761,024
	At 30 June 1999	<u>2,950,519</u>

At 30 June 1999 work in progress included £1.76 million in respect of financing costs.

CANARY WHARF CONTRACTORS (B4) LIMITED

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 JUNE 1999

7	DEBTORS	30 June 1999
		£
	Amounts owed by fellow subsidiary undertakings	3,787,227
	Prepayments and accrued income	8,058
		<u>3,795,285</u>
8	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	30 June 1999
		£
	Payments received on account	2,348,154
	Trade creditors	518,698
	Amounts owed to fellow subsidiary undertakings	2,588,231
	Other creditors	354,731
	Accruals and deferred income	5,000
		<u>5,814,814</u>
9	SHARE CAPITAL	30 June 1999
		£
	Equity Shares	
	Ordinary shares of £1 each	
	Authorised	100
	Issued, allotted and fully paid	<u>1</u>
10	RESERVES	
		Profit and Loss Account
		£
	Profit for the financial period	1,577,201
	At 30 June 1999	<u>1,577,201</u>
11	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	£
	Profit for the financial period	1,577,201
	Issue of share capital	1
	Shareholders' funds as at 30 June 1999	<u>1,577,202</u>

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 JUNE 1999

12 RELATED PARTIES

The company's immediate parent undertaking is Canary Wharf (B4) Limited, a company registered in England. The company's ultimate UK parent is Canary Wharf Group plc and until 6 April 1999 its ultimate parent undertaking was C.W. Investments Limited Partnership, a Cayman Islands undertaking. The limited partnership was dissolved on 6 April 1999 following the shares of CWG being admitted for listing on the London Stock Exchange on 1 April 1999.

Copies of the consolidated accounts of CWG may be obtained from the Company Secretary, One Canada Square, Canary Wharf, London , E14 5AB.

The directors have taken advantage of the exemption in paragraph 3(c) of FRS8 allowing the company not to disclose related party transactions with respect to other group companies.