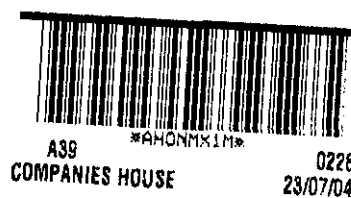


**Carillion Richardson Thanet Phase 2 Limited
(formerly Chelverton Group (Thanet) Limited)**

Directors' report and financial statements

Registered number 4435931

Seven months ended 31 December 2003



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Directors' report

The directors present their annual report and the audited financial statements for the seven months ended 31 December 2003.

Principal activities and business review

The company's principal activity continues to be the development of land and property.

On 8 July 2003 the company changed its name to Carillion Richardson Thanet Phase 2 Limited.

During the period the company changed the date of its year end to 31 December 2003 in order to bring the year end in line with that of its parent.

The directors anticipate that the company will continue in its present role during the next financial year.

Profits and dividends

The company's profit before tax was £5,362 (31 May 2003: £16,298).

The directors do not propose the payment of a dividend for the period.

Directors and directors' interests

The directors who served during the period were:

M Cartisser	(resigned 16 June 2003)
SP Eastwood	(appointed 16 June 2003)
RRE Manin	(resigned 16 June 2003)
SB Morgan	(resigned 16 June 2003)
DB Richardson	(appointed 16 June 2003)

No director had any interest in the share or loan capital of the company during the period.

No director was materially interested during the period in any contract which was significant in relation to the business of the company.

Auditors

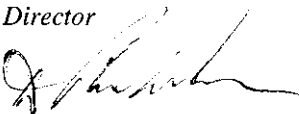
On 8 July 2003 the directors appointed KPMG Audit Plc as auditors.

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company will be proposed at the Annual General Meeting.

Approved by order of the Board on 10 March 2004 and signed on its behalf by:



SP Eastwood
Director



DB Richardson
Director

Birch Street
Wolverhampton
WV1 4HY

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 affairs of the company and of the profit or loss 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 have 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.



KPMG Audit Plc

2 Cornwall Street
Birmingham
B3 2DL

Independent auditors' report to the members of Carillion Richardson Thanet Phase 2 Limited

We have audited the financial statements on pages 4 to 8.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

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 as at 31 December 2003 and of its profit for the seven months then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

10 March 2004

Profit and loss account

for the seven months ended 31 December 2003

	Note	7 months ended 31 December 2003 £	Period ended 31 May 2003 £
Turnover		180,281	305,853
Gross profit		180,281	305,853
Administration expenses		(15)	-
Operating profit		180,266	305,853
Interest receivable		117	437
Interest payable to Group undertakings		(175,021)	(289,992)
Profit on ordinary activities before taxation	2	5,362	16,298
Tax on operating profit	3	1,795	(4,900)
Profit for the financial period		7,157	11,398

The above results are all derived from continuing operations.

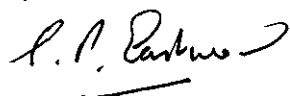
The company has no recognised gains and losses in the current period other than those disclosed in the profit and loss account.

There is no difference between the results as disclosed in the profit and loss account and the result on an unmodified historical cost basis in the current period.

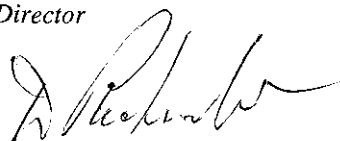
Balance sheet
at 31 December 2003

	<i>Note</i>	31 December 2003		31 May 2003	
		£	£	£	£
Current assets					
Stocks	4	5,117,160		5,105,410	
Debtors	5	43,615		1	
		<u>5,160,775</u>		<u>5,105,411</u>	
Creditors: Amounts falling due within one year	6	<u>(35,979)</u>		<u>(28,408)</u>	
Net current assets		5,124,796		5,077,003	
Creditors: Amounts falling due after more than one year	7	<u>(5,106,240)</u>		<u>(5,065,604)</u>	
Net assets		<u>18,556</u>		<u>11,399</u>	
Capital and reserves					
Called up share capital	8	1		1	
Profit and loss account		<u>18,555</u>		<u>11,398</u>	
Equity shareholders' funds	9	<u>18,556</u>		<u>11,399</u>	

These financial statements were approved by the Board of directors on 10 March 2004 and were signed on its behalf by:



SP Eastwood
Director



DB Richardson
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements:

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK Accounting Standards.

Cash flow statement

Under Financial Reporting Standard 1 (revised 1996) the Company is exempt from the requirement to prepare a cash flow statement because it meets the criteria for a small company as defined by the Companies Act 1985, S246-249.

Stocks

Stock represents freehold land and property held for resale, and is valued at the lower of cost and net realisable value.

Turnover

Turnover represents amounts (excluding value added tax) derived from gross rental income from freehold property held in stock.

Taxation

The charge for taxation is based on the result for each period and takes into account deferred taxation, calculated in accordance with the requirements of FRS19 "Deferred taxation". Deferred tax assets or liabilities, which arise from timing differences between the recognition of gains and losses in the financial statements and their recognition in the tax computation, are calculated on a non-discounted full provision basis.

2 Profit on ordinary activities before taxation

Auditors' remuneration was borne by Carillion Richardson Partnership in the current and preceding periods.

The company has no employees and the directors received no remuneration from the company.

3 Taxation

(a) Analysis of taxation (credit)/charge in the period

	31 December 2003 £	31 May 2003 £
UK taxation:		
Corporation tax	(1,795)	4,900
Deferred taxation	-	-
	<hr/>	<hr/>
Total taxation (credit)/charge on profit on ordinary activities	(1,795)	4,900
	<hr/>	<hr/>

Notes (continued)

3 Taxation (continued)

(b) Reconciliation of current taxation charge

The UK standard rate of corporation tax for the period is 30%. The actual tax rate differs to the standard rate for the reasons set out below:

	31 December 2003 £	31 May 2003 £
Profit on ordinary activities before tax	5,362	16,298
Tax on profit on ordinary activities at UK standard rate of corporation tax of 30%	1,609	4,889
Adjustments in respect of prior periods	(3,404)	11
Current tax charge for the period	(1,795)	4,900

4 Stocks

	31 December 2003 £	31 May 2003 £
Land and property held for resale	5,117,160	5,105,410

5 Debtors

	31 December 2003 £	31 May 2003 £
Trade debtors	14,336	-
Other debtors	23,204	1
Prepayments	6,075	-
	43,615	1

6 Creditors: Amounts falling due within one year

	31 December 2003 £	31 May 2003 £
Corporation Tax	3,105	4,900
Other creditors including taxation and social security	-	13,858
Accruals	32,874	9,650
	35,979	28,408

Notes (continued)

7 Creditors: Amounts falling due after more than one year

	31 December 2003 £	31 May 2003 £
Amounts owed to shareholders	5,106,240	5,065,604

At 31 December 2003, the loan balance with Carillion Richardson Partnership was £5,106,240 (31 May 2003: £5,065,604). The loan is unsecured, interest bearing and is repayable on the sale of the development.

8 Share capital

	31 December 2003 £	31 May 2003 £
<i>Authorised:</i>		
100 ordinary shares £1 each	100	100
<i>Allotted, called up and not paid:</i>		
1 ordinary share of £1	1	1

9 Reconciliation of movements in shareholders' funds

	31 December 2003 £	31 May 2003 £
Profit for the financial period	7,157	11,398
New share capital subscribed	-	1
Shareholders' funds at the beginning of the period	11,399	-
Shareholders' funds at end of period	18,556	11,399

10 Related party disclosures

During the period all cash payments and receipts were processed on behalf of the company by the Carillion Richardson Partnership, a shareholder. These transactions were processed through the loan account. The net of these payments represents the movement on the loan account.

At 31 December 2003, the loan balance with Carillion Richardson Partnership was £5,106,240. The loan is unsecured, interest bearing and is repayable on the sale of the development.

11 Controlling and parent companies

The immediate parent of this company is Carillion Richardson Partnership, a partnership between Carillion CR Limited and Foxborough Developments Limited. The ultimate parent of these companies are Carillion plc, whose financial statements can be obtained from Birch Street, Wolverhampton, WV1 4HY and Swiftfire Limited, whose financial statements can be obtained from 100 Dudley Road East, Oldbury, West Midlands B69 3DY.