

TILBURY DEVELOPMENTS LIMITED
[formerly Portal Developments Limited]

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REPORT OF THE DIRECTORS

The directors present their report and the audited accounts for the eight months ended 31st December 1987.

ACTIVITIES

The principal activities of the company are commercial, retail and industrial property development and investment.

CHANGE OF NAME

The name of the company was changed to Tilbury Developments Limited with effect from 15th January 1988.

REVIEW OF THE BUSINESS

Following the acquisition of the share capital of the company by the Tilbury Group plc on 28th July 1987, the business of Tilbury Developments Limited was transferred to the company with effect 1st January 1988, the latter company changing its name to Portal Developments Limited on 15th January 1988.

RESULTS

The results of the company are as set out in the accounts pages 4 to 12. The directors do not recommend the payment of a dividend (Year ending 30th April 1987 - £Nil).

DIRECTORS

The following have served as directors during the period:

T. Slater	(appointed 28th July 1987)
A.C. Hill	(appointed 28th July 1987)
A.R. Cripps	(appointed 28th July 1987)
G. Wheeler	(appointed 28th July 1987)
C.J. Murphy	(resigned 28th July 1987)
M. Murphy	(resigned 28th July 1987)
P. Jones	(resigned 28th July 1987)
S.J. Marley	(appointed 19th August 1987 and resigned 14th January 1988)

Messrs T. Slater, A.C. Hill, A.R. Cripps and G Wheeler were all appointed on 28th July 1987 and, being eligible, offer themselves for re-election at the next Annual General Meeting.

Mr C.S. Hurley was appointed a director on 18th January 1988 and, being eligible, offers himself for re-election at the next Annual General Meeting.

None of the directors has any beneficial interest in the shares of the company.

Directors' interests in the capital of the holding company are as stated over:

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6 FEB 1988

REPORT OF THE DIRECTORS (continued)

DIRECTORS (continued)

	Shares of 25p each		Date of appointment	
	31st December 1987		Shares	Options
	Shares	Options	Shares	Options
A.C. Hill	nil	8,390	nil	8,390
A.R. Cripps	nil	7,865	nil	7,865
S.J. Marley	nil	nil	nil	nil
G. Wheeler	nil	nil	nil	nil

At the date of this report Mr C.S. Hurley had no beneficial interests in the shares of the company or of the holding company.

Mr T. Slater is also a director of the holding company and his interest is disclosed in the accounts of that company.

EMPLOYEE INVOLVEMENT

Within the bounds of commercial confidentiality management disseminates information to all levels of staff about matters that affect the progress of the company and are of interest and concern to them as employees.

A newsletter is also distributed at regular intervals to all employees which includes articles about the company's activities and its performance.

DISABLED PERSONS

The company has an established policy that disabled persons, especially should they become disabled in the course of their employment with the company, are employed where circumstances permit. The company endeavours to ensure that disabled employees benefit from training and career development programmes in common with other employees.

AUDITORS

Arthur Young & Co resigned as auditors to the company with effect from 28th July 1987 and Spicer and Pegler were appointed from that date. Spicer and Pegler changed their name on 18th January 1988 to Spicer & Oppenheim and, accordingly, have signed their audit report in the new name. They are willing to be reappointed as auditors in accordance with Section 384 of the Companies Act 1985. Resolutions will be proposed at the forthcoming Annual General Meeting to reappoint them and to authorise the directors to fix their remuneration.

Tilbury House
Rusper Road
Horsham
West Sussex
RH12 4BB

By order of the board

G. Wheeler

Secretary



29th March 1988

AUDITORS' REPORT TO THE MEMBERS OF TILBURY DEVELOPMENTS LIMITED

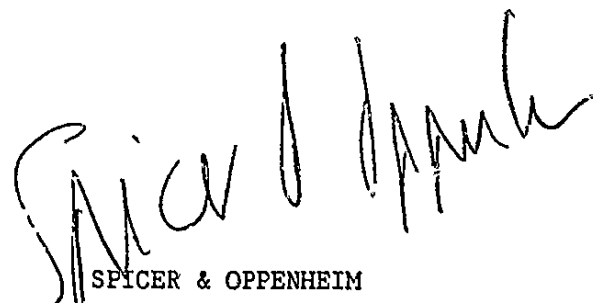
We have audited the financial statements on pages 4 to 12 in accordance with approved Auditing Standards.

The financial statements have been prepared under the historical cost convention on a going concern basis and assume the continued support of the holding company.

Subject to the foregoing, in our opinion the financial statements give a true and fair view of the state of affairs of the company at 31st December 1987 and of the loss and source and application of funds for the period ended on that date and comply with the Companies Act 1985.

London, EC3

29th March 1988


SPICER & OPPENHEIM
Chartered Accountants

PROFIT AND LOSS ACCOUNT
for the period ended 31st December 1987

	Note	Period Ended 31st December 1987	Year Ended 30th April 1987
TURNOVER	1(b)	291,163	50,654
Cost of sales		<u>(200,648)</u>	<u>(265,905)</u>
GROSS PROFIT/(LOSS)		90,515	(215,251)
Administrative expenses		<u>(599,684)</u>	<u>(353,663)</u>
OPERATING (LOSS)		(509,169)	(568,914)
Other operating income	5	<u>161,596</u>	<u>207,690</u>
		(347,573)	(361,224)
Interest receivable		9,750	5,047
Interest payable	6	<u>(225,874)</u>	<u>(289,009)</u>
(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		(563,697)	(645,186)
Taxation	7	<u>95,000</u>	<u>17,063</u>
(LOSS) FOR THE PERIOD		£(468,697) =====	£(628,118) =====

The notes on pages 7 to 12 and the funds statement on page 6 form an integral part of these accounts.

TILBURY DEVELOPMENTS LIMITED
[formerly Portal Developments Limited]

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BALANCE SHEET
31st December 1987

	Note	31st December 1987	30th April 1987
FIXED ASSETS			
Tangible assets	8	17,148	66,572
Investments	9	<u>-</u>	<u>7,279</u>
CURRENT ASSETS			
Stock and work in progress	10	2,100,000	2,275,164
Debtors	11	3,604,573	322,901
Cash at bank and in hand		<u>-</u>	<u>32,431</u>
		<u>5,704,573</u>	<u>2,630,496</u>
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR			
Bank loans and overdrafts		1,270	271,769
Trade creditors		43,845	297,679
Sundry creditors	12	<u>5,857,133</u>	<u>495,129</u>
		<u>5,902,248</u>	<u>1,064,577</u>
NET CURRENT (LIABILITIES)/ ASSETS		(197,675)	1,565,919
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
	13	-	(1,496,600)
PROVISIONS FOR LIABILITIES AND CHARGES			
	14	(145,000)	<u>-</u>
		£(325,527)	£ 143,170
CAPITAL AND RESERVES			
Called up share capital	15	50,000	50,000
Profit and loss account	16	<u>(375,527)</u>	<u>93,170</u>
		£(325,527)	£ 143,170

APPROVED BY THE BOARD OF DIRECTORS

T. Slater
A.C. Hill



29th March 1988

The notes on pages 7 to 12 and the funds statement on page 6 form an integral part of these accounts.

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
for the period ended 31st December 1987

	1987	1986
(ABSORPTION) OF FUNDS		
(Loss) for the period	(563,697)	(645,186)
Depreciation	9,666	28,597
Provisions	145,000	-
Proceeds on disposal of fixed assets	40,283	233,300
Less profit on sale	(387)	(9,659)
	<u>(369,135)</u>	<u>(392,948)</u>
FUNDS FROM OTHER SOURCES		
Group Relief/taxation	95,000	-
Disposal of Investments	7,279	-
Intercompany loans	<u>2,427,872</u>	<u>-</u>
	<u>2,161,016</u>	<u>(392,948)</u>
APPLICATION OF FUNDS		
Bank loans repaid	(1,493,000)	-
Purchase of Fixed Assets	(138)	(33,306)
Taxation paid	<u>(19,589)</u>	<u>-</u>
	<u>(1,512,727)</u>	<u>(33,306)</u>
INCREASE/(DECREASE) IN WORKING CAPITAL	£ 648,289	£(426,254)
	=====	=====
REPRESENTED/(FUNDED) BY		
(Decrease)/increase in stock	(175,164)	809,322
Increase/(decrease) in debtor	19,742	(409,874)
Decrease/(increase) in creditors	565,643	(429,748)
Increase/(decrease) in cash balances	<u>238,068</u>	<u>(395,954)</u>
	<u>£ 648,289</u>	<u>£(426,254)</u>
	=====	=====

NOTES TO THE ACCOUNTS
31st December 1987

1. ACCOUNTING POLICIES

a) CONVENTION

These financial statements have been prepared in accordance with the historical cost convention. The principal accounting policies which the directors have adopted within that convention are set out below.

b) TURNOVER

This represents the total invoice value, excluding value added tax, of services rendered, property sold and services rendered to other group companies.

c) DEFERRED TAXATION

Provision is made at projected rates of taxation for timing differences between the treatment of certain items for taxation and for accounting purposes unless the taxation liabilities are expected to be deferred for some considerable period.

d) TANGIBLE FIXED ASSETS AND DEPRECIATION

Depreciation is provided on a straight line basis at the following principal annual rates:

Motor vehicles	25%
Furniture and equipment	15%

e) WORK IN PROGRESS

Work in progress is valued at cost, less foreseeable losses. Where a reasonable assessment can be made of the outcome of material claims and recoveries these are recognised in assessing foreseeable losses.

f) PENSIONS

The group operates pension schemes which cover all those employees who are permanent members of the staff who have elected to join. Contributions are charged against profits as they are made up by the Group. Actuarial valuations are carried out every three years.

NOTES TO THE ACCOUNTS (continued)
31st December 1987

2. OPERATING LOSS	31st December 1987 £	30th April 1987 £
The loss for the period is arrived at after charging:		
Depreciation	9,666	28,597
Auditors' remuneration	9,350	3,000
	=====	=====

3. EMPLOYEES

The average number employed by the company (including directors) within each category of persons was:

	<u>Number</u>	<u>Number</u>
Administrative staff	5	10
	==	==

The costs incurred in respect of these employees were:

Wages and salaries	106,701	184,637
Social security	8,691	18,690
Other pension costs	<u>100,000</u>	<u>101,987</u>
	£ 215,392	£ 305,314
	=====	=====

4. DIRECTORS

Emoluments of directors of the company included in staff costs were as follows:

Management remuneration, including pension contributions	£ 161,946	£ 219,987
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The emoluments, excluding pension contributions, of directors were as follows:

Chairman	nil	£ 106,000
Highest paid director	£ 30,926	£ 106,000
	<u>Number</u>	<u>Number</u>
Other directors		
£0 - £ 5,000	5	1
£10,001 - £15,000	Nil	1
£25,001 - £30,000	1	Nil

Details of emoluments of directors who are also directors of the holding company are reflected in the group accounts.

NOTES TO THE ACCOUNTS (continued)
31st December 1987

	31st December 1987	30th April 1987	
5. OTHER OPERATING INCOME			
Rent receivable	161,596	198,031	
Profit on sale of investment	<u>-</u>	<u>9,659</u>	
	£ 161,596	£ 207,690	
	=====	=====	
6. INTEREST PAYABLE			
Bank loans and overdrafts	222,839	283,404	
Finance charges payable under hire purchase contracts	<u>3,035</u>	<u>5,605</u>	
	£ 225,874	£ 289,009	
	=====	=====	
7. TAXATION			
Taxation is based on the loss for the period and comprises:			
Corporation tax at 35%	£ (95,000)	£ (17,068)	
	=====	=====	
8. TANGIBLE ASSETS			
	Motor vehicles	Furniture & equipment	TOTAL
COST			
1st May 1987	93,412	15,694	109,106
Additions	-	138	138
Disposals	(73,235)	(5,301)	(78,536)
At 31st December 1987	20,177	10,531	30,708
DEPRECIATION			
1 May 1987	35,824	6,710	42,534
Provided during the period	8,607	1,059	9,666
Disposals	(33,718)	(4,922)	(38,640)
At 31st December 1987	10,713	2,847	13,560
NET BOOK VALUE			
At 31st December 1987	9,464	7,684	17,148
	=====	=====	=====
NET BOOK VALUE			
At 30th April 1987	57,588	8,984	66,572
	=====	=====	=====

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NOTES TO THE ACCOUNTS (continued)
31st December 1987

	31st December 1987	30th April 1987
9. INVESTMENTS		
Unlisted investments	£ Nil =====	£ 7,279 =====
10. STOCK AND WORK IN PROGRESS		
Land for development	45,000	45,000
Property work in progress	<u>2,055,000</u>	<u>2,230,164</u>
	£2,100,000 =====	£2,275,164 =====
11. DEBTORS		
Trade debtors	102,382	107,768
Group companies trade accounts	124,531	-
Group companies loan accounts	3,261,930	-
Affiliated companies	-	180,967
Prepayments and accrued income	1,073	11,884
Taxation recoverable	19,657	19,657
Group relief receivable	95,000	-
Other debtors	-	2,625
	£3,604,573 =====	£ 322,901 =====
12. SUNDRY CREDITORS		
Group companies trade accounts	815	-
Group companies loan accounts	5,689,802	-
Affiliated companies	-	164,251
Other creditors	159,473	100,000
Other tax and social security	7,043	101,431
Corporation tax	-	19,589
Hire purchase creditors	-	18,075
Accruals	-	91,783
	£5,857,133 =====	£ 495,129 =====

NOTES TO THE ACCOUNTS (continued)
31st December 1987

	31st December 1987	30th April 1987
13. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		
Bank loans	-	1,493,000
Hire purchase obligations	-	3,600
	<u>£ -</u>	<u>£ 1,496,600</u>
	=====	=====
14. PROVISIONS FOR LIABILITIES AND CHARGES		
Other provisions - charge for the period	£ 145,000	-
	<u>=====</u>	<u>=====</u>
DEFERRED TAXATION		
Arising from:		
Accelerated capital allowances	113,000	-
Other short term timing differences	(113,000)	-
	<u>£ -</u>	<u>£ -</u>
	=====	=====
15. SHARE CAPITAL		
Authorised		
10,000 cumulative convertible preferred ordinary shares of £1 each	10,000	10,000
45,000 ordinary shares of £1 each	<u>45,000</u>	<u>45,000</u>
	<u>£ 55,000</u>	<u>£ 55,000</u>
	=====	=====
Allotted and fully paid		
10,000 cumulative convertible preferred ordinary shares of £1 each	10,000	10,000
40,000 ordinary shares of £1 each	<u>40,000</u>	<u>40,000</u>
	<u>£ 50,000</u>	<u>£ 50,000</u>
	=====	=====
16. PROFIT AND LOSS ACCOUNT		
Balance 1st May 1987	93,170	721,288
Loss for the period	<u>(468,697)</u>	<u>(628,118)</u>
Balance 31st December 1987	<u>£(375,527)</u>	<u>£ 93,170</u>
	=====	=====

NOTES TO THE ACCOUNTS (continued)
31st December 1987

17. CONTINGENT LIABILITIES

There are contingent liabilities at 31st December 1987 in respect of guarantees given in the ordinary course of business, and guarantees covering bank overdrafts in other group companies. The total of such overdrafts at 31st December 1987 was £1,091,000 (30th April 1987 - £Nil).

18. POST BALANCE SHEET EVENT

On 1st January the business of Tilbury Developments Limited was transferred to the company and Tilbury Developments Limited subsequently changed its name to Portal Developments Limited.

The company changed its name to Tilbury Developments Limited on 15th January 1988.

19. HOLDING COMPANY

The company's holding company is Tilbury Group Public Limited Company, which is registered in England.

TILBURY DEVELOPMENTS LIMITED
[formerly Portal Developments Limited]

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PROFIT AND LOSS ACCOUNT
for the period ended 31 December 1987

		1987
Sales		291,163
Liver Estate write off		(200,648)
		90,515
Salaries	115,392	
Rent	500	
Directors pension scheme	100,000	
Repairs and renewals	17	
Other costs written off	87,670	
Telephone	4,882	
Printing and stationery	1,834	
Equipment leasing	259	
Subscriptions and donations	533	
Insurance	11,191	
Miscellaneous expenses	2,359	
Racehorse upkeep	426	
Legal and professional fees	151,394	
Audit fees	9,350	
Motor expenses	3,682	
VAT written off	90,000	
Bank charges	22,135	
Hire purchase charges	54	
Travel and entertaining	140	
Advertising	362	
Depreciation: motor vehicles	8,607	
furniture and fittings	1,059	
Profit on sale of fixed assets	(387)	
VAT recoverable	(11,775)	
Interest paid	225,874	825,558
Loss for the period		(735,043)
Less rental income	161,596	
interest receivable	9,750	171,346
Net loss for the period		£(563,697)
		=====