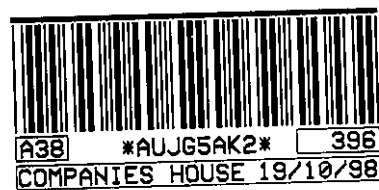


Registered Company Number 976653

TILBURY DEVELOPMENTS LIMITED

31st December 1997



REPORT OF THE DIRECTORS

The directors present their report and the audited accounts for the year ended 31st December 1997.

ACTIVITIES

The company has not traded during the year consequently no Profit and Loss account is submitted.

DIRECTORS

The directors who served during the year and who remain directors at the date of this report are set out below:-

W N Mason-Jones
D M Clitheroe

None of the directors has any beneficial interest in the shares of the company or any other Group undertaking.

AUDITORS

It is proposed to submit for approval a special resolution at the forthcoming Annual General Meeting of the company that no auditors be re-appointed by the company in that it is a dormant company and meets the other requirements of Section 250 (1) of the Companies Act 1985.

Tilbury House
Ruscombe Park
Twyford
Reading
Berkshire
RG10 9JU

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



D M Clitheroe
Secretary

31 March 1998

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 each 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;
- 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 of fraud and other irregularities.

AUDITORS' REPORT TO THE MEMBERS OF TILBURY DEVELOPMENTS LIMITED

We have audited the financial statements on pages 4 and 5 which have been prepared under the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. 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 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 circumstances of the company 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 affairs of the company as at 31st December 1997 and of the result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Deloitte & Touche
Chartered Accountants and Registered Auditors

8 May 1998

Colmore Gate
2 Colmore Row
Birmingham
B3 2BN

BALANCE SHEET AT 31ST DECEMBER 1997

	Note	1997 £	1996 £
CURRENT ASSETS			
Debtors	2	<u>£77,342</u>	<u>£77,342</u>
CAPITAL AND RESERVES			
Called up share capital	3	50,000	50,000
Profit and loss account		<u>27,342</u>	<u>27,342</u>
Shareholders' funds		<u>£ 77,342</u>	<u>£ 77,342</u>
Equity interest		67,342	67,342
Attributable to non equity shareholder		<u>10,000</u>	<u>10,000</u>
		<u>£77,342</u>	<u>£77,342</u>

These financial statements were approved by the Board of Directors on 31 March 1998. Signed on behalf of the Board of Directors.



D M Clitheroe
DIRECTOR

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1997**1. ACCOUNTING POLICIES**

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

2. DEBTORS

	1997 £	1996 £
Amounts owed by group undertaking	<u>77,342</u>	<u>77,342</u>

3. CALLED UP 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>

The cumulative convertible preferred ordinary shares are non-voting and entitled to a fixed cumulative dividend at the rate of 126% per annum. In the event of a winding up they have a priority in respect of the repayment of capital but are not entitled to any further participation in the assets of the company.

The cumulative convertible preferred ordinary shares may be converted to ordinary shares by the shareholders at any time providing that all such shares are converted at that time. The parent company has agreed to waive the accumulated dividend on these shares.

4. CONTINGENT LIABILITIES

The company has given guarantees covering banking facilities made available to the parent and fellow subsidiary undertakings. At 31st December 1997 these amounted to £Nil (1996-£Nil).

5. ULTIMATE PARENT UNDERTAKING

The company's ultimate parent undertaking is Tilbury Douglas Plc, which is incorporated in Great Britain and registered in England and Wales. The group accounts of Tilbury Douglas Plc are available from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.