

EGERTON CONTRACTS LIMITED

REPORT OF THE DIRECTORS

The directors submit their annual report and the accounts of the company for the year ended 31<sup>st</sup> December 2001.

PRINCIPAL ACTIVITY

The principal activity of the company is that of holding company.

RESULTS AND DIVIDENDS

The results for the year after taxation and the appropriation thereof, are set out in the Profit and Loss Account on page 3. The directors recommend the payment of a dividend on the ordinary shares of £194.47 per share for the year ended 31<sup>st</sup> December 2001 amounting to £3,500,000 (2000 – nil) and leaving a profit of £60,140 (2000 – nil) to be transferred to the amount of retained profits carried forward.

DIRECTORS AND THEIR INTERESTS

The directors, all of whom were in office throughout the year, and their interests in the Share Capital of the company were as follows :-

	<u>Ordinary Shares of £1 each</u>	
	<u>31.12.2001</u>	<u>1.1.2001</u>
A.S. Greenhalgh	8,999	8,999
J.T. Bateson	8,999	8,999
N. Greenhalgh	-	-

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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 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 judgments and estimates that are reasonable and prudent ;
- 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

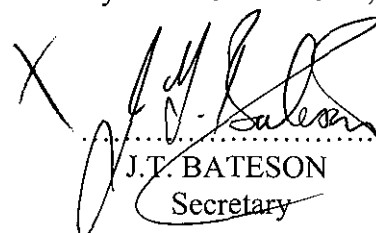
In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of Smith, Lockett & Gowlar as auditors to the company will be proposed at the Annual General Meeting.

The above report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.



28<sup>th</sup> October 2002

By Order of the Board,

X   
J.T. BATESON  
Secretary

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF  
EGERTON CONTRACTS LIMITED

We have audited the financial statements of Egerton Contracts Limited for the year ended 31<sup>st</sup> December 2001 which are set out on pages 3 to 6. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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. We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

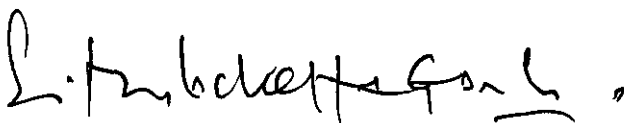
Basis of audit opinion

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 judgments 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<sup>st</sup> December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



SMITH, LOCKETT & GOWLAR

Chartered Certified Accountants and Registered Auditors

17 Chapel Street, Hyde, Cheshire, SK14 1LF

28<sup>th</sup> October 2002

EGERTON CONTRACTS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2001

	<u>Note</u>	<u>2001</u>	<u>2000</u>
TURNOVER		-	-
Cost of sales		<u>-</u>	<u>-</u>
GROSS PROFIT		-	-
Sales and marketing expenses		-	-
Administrative expenses		-	-
Other operating charges		<u>-</u>	<u>-</u>
OPERATING PROFIT		-	-
Other income	2	<u>3,573,340</u>	<u>-</u>
		3,573,340	-
Interest payable		<u>-</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		3,573,340	-
TAXATION	3	<u>13,200</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		3,560,140	-
DIVIDENDS		<u>3,500,000</u>	<u>-</u>
RETAINED PROFIT FOR THE YEAR		<u>£60,140</u>	£ <u>-</u>

The company made no recognised gains or losses in 2001 or 2000 other than the results for the year.

There were no acquisitions or discontinued operations during the current or preceding period.

STATEMENT OF RETAINED PROFITS

RETAINED PROFIT AT 1 <sup>st</sup> January 2001	35,545	35,545
Retained profit for the year	<u>60,140</u>	<u>-</u>
RETAINED PROFIT AT 31 <sup>st</sup> December 2001	<u>£95,685</u>	<u>£35,545</u>

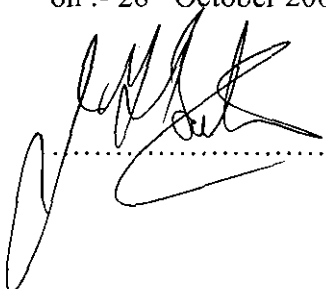
The notes on pages 5 and 6 form part of these accounts

EGERTON CONTRACTS LIMITEDBALANCE SHEET AT 31<sup>ST</sup> DECEMBER 2001

	<u>Note</u>	<u>2001</u>	<u>2000</u>
<u>FIXED ASSETS</u>			
Investments	4	1,100,000	1,100,000
<u>CURRENT ASSETS</u>			
Dividends receivable		3,500,000	-
Cash at bank and in hand		<u>4,854,489</u>	<u>69</u>
		8,354,489	69
LESS :			
<u>CREDITORS</u>			
Amounts falling due within one year	5	<u>9,351,605</u>	<u>1,057,325</u>
NET CURRENT LIABILITIES		<u>(997,116)</u>	<u>(1,057,256)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>£102,884</u>	<u>£42,744</u>
<u>CAPITAL AND RESERVES</u>			
Called up share capital	6	7,199	7,199
Profit and loss account		<u>95,685</u>	<u>35,545</u>
Shareholders' funds	7	<u>£102,884</u>	<u>£42,744</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

Approved by the Board  
on :- 28<sup>th</sup> October 2002

X  ..... - Director

EGERTON CONTRACTS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2001

1. ACCOUNTING POLICIES

Basis of Accounting

The accounts have been prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable Accounting Standards.

Consolidation

The company and its subsidiary comprise a small group. The company has taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

2. <u>OTHER INCOME</u>	<u>2001</u>	<u>2000</u>
Bank interest receivable	73,340	-
Dividends receivable from group undertaking	<u>3,500,000</u>	<u>-</u>
	<u>£3,573,340</u>	£ <u>-</u>

3. <u>TAXATION</u>	<u>2001</u>	<u>2000</u>
In respect of the year :-		
I.O.M. income tax @ 18%	<u>£13,200</u>	£ <u>-</u>

4. <u>INVESTMENTS</u>	<u>2001</u>	<u>2000</u>
Cost of shares in subsidiary company	<u>£1,100,000</u>	<u>£1,100,000</u>

The company's wholly owned subsidiary, Egerton Construction Company Limited was incorporated in England. The company is registered as a foreign company in the Isle of Man under S.313 I.O.M. Companies Act 1931. The principal activity of the subsidiary is that of house building and general construction. Shares held in the subsidiary are :

1,097,149 ordinary shares of £1 each  
2,851 3% non-cum. Preference shares of £1 each

The aggregate amount of the subsidiaries capital and reserves at 31<sup>st</sup> December 2001 was £1,731,496. The profit for the year after taxation amounted to £3,966,955.

5. CREDITORS  
AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>2001</u>	<u>2000</u>
Other taxes and social security costs	17,718	4,518
Owed to group undertakings	5,833,887	1,052,807
Proposed dividends	<u>3,500,000</u>	<u>-</u>
	<u>£9,351,605</u>	<u>£1,057,325</u>

EGERTON CONTRACTS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2001

6. CALLED UP SHARE CAPITAL

	<u>Number Authorised</u>		<u>Number Allotted</u>		<u>Called up and Paid</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
Ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>	<u>17,998</u>	<u>17,998</u>	<u>£7,199</u>	<u>£7,199</u>

7. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>2001</u>	<u>2000</u>
Profit for the financial year	3,560,140	-
Dividends	<u>3,500,000</u>	<u>-</u>
Net addition to shareholders' funds	60,140	-
Opening shareholders' funds	<u>42,744</u>	<u>42,744</u>
Closing shareholders' funds	<u>£102,884</u>	<u>£42,744</u>

Shareholders' funds are wholly attributable to equity interests.