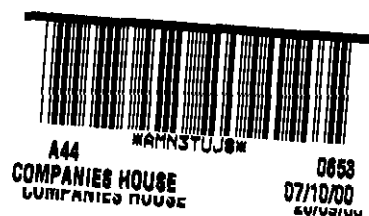


Ballymore Commercial Limited

Directors' report and
financial statements

Eighteen months ended 31 March 2000

Registered number: 2747805



Ballymore Commercial Limited

Directors' report and financial statements

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Ballymore Commercial Limited

Directors and other information

Directors

R. Hardy
S. Mulryan
B. Fagan
S. Haines (resigned 14 January 2000)

Secretary

B. Fagan

Registered office

Pointe North
3 Greenwich View Place
London
E14 9NN

Auditors

KPMG
Chartered Accountants
1 Stokes Place
St. Stephen's Green
Dublin 2.

Solicitors

Howard Kennedy
Harcourt House
19 Cavendish Square
London W1A 2AW

Registered number

2747805



Ballymore Commercial Limited

Directors' report

The directors present their annual report and audited financial statements for the eighteen month period ended 30 March 2000.

Principal activity

The company is engaged in property development.

Results and review of the business

The results for the period are set out on page 6 .

Directors

The directors who held office during the period are listed on page 1.

The directors serving at the year end who held beneficial interests in the company's issued ordinary share capital were as follows:-

Name of director

Ordinary shares of Stg£1 each
31 March 2000 30 September 1998

S. Mulryan

2

2

=

=

Dividends

The directors do not recommend the payment of a dividend.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution of the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

On behalf of the board

B. Fagan
Company Secretary

29 June 2000

Ballymore Commerical Limited

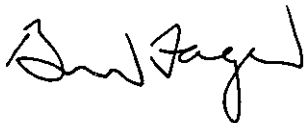
Statement of directors' responsibilities

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 the company and of the profit or loss of the company for that year. In preparing these 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;
- 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 books of account 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.

On behalf of the board

A handwritten signature in black ink, appearing to read 'B. Fagan'.

B. Fagan
Director

29 June 2000



Chartered Accountants

1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland

Auditors' report to the members of Ballymore Commercial Limited

We have audited the financial statements on pages 5 to 9.

Respective responsibilities of directors and auditors in relation to the financial statements

The directors are responsible for preparing the directors' report and 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. 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 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 at 31 March 2000 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.


KPMG
Chartered Accountants
Registered Auditors

29 June 2000

Ballymore Commercial Limited

Statement of accounting policies

for the eighteen months ended 31 March 2000

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 preparation

The financial statements are prepared in accordance with generally accepted accounting principles under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board, as promulgated by the Institute of Chartered Accountants in England and Wales.

Turnover

Turnover, which is stated net of VAT, represents the net invoice value of development and residential sales contracts completed. Turnover is attributable to the principal activity of the company which is continuing and is earned entirely within the United Kingdom.

Taxation

The corporation tax liability is based on the results for the year. Deferred taxation is accounted for in respect of timing differences between profit as computed for taxation purposes, and profit as stated in the financial statements, to the extent that such differences are expected to reverse in the foreseeable future.

Ballymore Commercial Limited

Profit and loss account

for the eighteen months ended 31 March 2000

		18 months ended 31 March 2000 £	From period of incorporation to 30 September 1998 £
Turnover	<i>Note 1</i>	1,120,000	-
Cost of sales		(396,750)	-
		<hr/>	<hr/>
Gross profit		723,250	-
Administration expenses		(28)	-
		<hr/>	<hr/>
Operating profit		723,222	-
		<hr/>	<hr/>
Tax on profit on ordinary activities	2	(217,500)	-
		<hr/>	<hr/>
Profit on ordinary activities after taxation		505,722	-
		<hr/>	<hr/>

Statement of retained profit

	18 months ended 31 March 2000	From period of incorporation to 30 September 1998
Retained profit at beginning of period	-	-
Profit for the period	505,722	-
	<hr/>	<hr/>
Accumulated profits carried forward	505,722	-
	<hr/>	<hr/>

The company had no recognised gains or losses in the financial period or in the preceding financial period other than those dealt with in the profit and loss account.

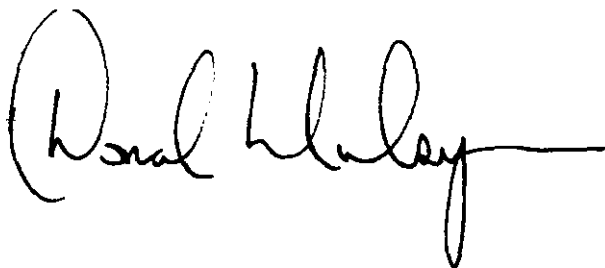
Ballymore Commercial Limited

Balance sheet as at 31 March 2000

	Note	31 March 2000 £	30 September 1998 £
Current assets			
Debtors	3	723,224	2
		<hr/>	<hr/>
Creditors: amounts falling due within one year	4	(217,500)	-
		<hr/>	<hr/>
Net current assets		505,724	2
		<hr/>	<hr/>
Total assets less current liabilities		505,724	2
		<hr/>	<hr/>
Net assets		505,724	2
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	5	2	2
Profit and loss account		505,722	-
		<hr/>	<hr/>
Shareholders' funds - equity interests	6	505,724	2
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 29 June 2000 and were signed on its behalf by:

D. Mulryan
Director



Ballymore Commercial Limited

Notes (continued)

1 Turnover	31 March 2000 £	30 September 1998 £
Sale of property	1,120,000	-
	<u> </u>	<u> </u>
2 Taxation	31 March 2000 £	30 September 1998 £
Corporation tax at 30%	217,500	-
	<u> </u>	<u> </u>
3 Debtors	31 March 2000 £	30 September 1998 £
Trade debtors	59,970	-
Amounts owed by group undertakings	663,254	2
	<u> </u>	<u> </u>
	723,224	2
	<u> </u>	<u> </u>
4 Creditors	31 March 2000 £	30 September 1998 £
Corporation tax payable	217,500	-
	<u> </u>	<u> </u>
5 Share capital	31 March 2000 £	30 September 1998 £
<i>Authorised</i>		
1,000 ordinary shares of £1 each	1,000	1,000
	<u> </u>	<u> </u>
<i>Allotted, called up and fully paid</i>		
2 ordinary shares of £1 each	2	2
	<u> </u>	<u> </u>

Ballymore Commercial Limited

Notes (continued)

6 Reconciliation of movement in shareholders' funds

	31 March 2000 £	30 September 1998 £
Shareholders funds at beginning of period	2	-
Profit for the period	505,722	-
Allotment of share capital	-	2
	<hr/>	<hr/>
Shareholders' funds at end of period	505,724	2
	<hr/>	<hr/>

7 Related party transactions

The company is a wholly owned subsidiary of Ballymore Properties Limited (a UK registered company) which prepares consolidated financial statements incorporating the results of this company. Copies of the consolidated financial statements can be obtained from the company's registered office which is Pointe North, 3 Greenwich View Place, London E14 9NN.

The company's ultimate parent company is Ballymore Properties Limited, incorporated in the Republic of Ireland. The largest group in which the results of the company is consolidated is that headed by Ballymore Properties Limited (R of I). The consolidated financial statements of the parent company are filed at the Companies Registration Office, Parnell Square, Dublin 1, Ireland.

The company is under the control of Mr. S. Mulryan by virtue of his controlling interest in the shares of the company's parent company.

During the year, the company completed the purchase of two apartments from Landor (Dundee Wharf) Limited on an arm's length basis. The parent company, Ballymore Properties Limited holds 49 ordinary shares, equivalent to 49% of Landor (Dundee Wharf) Limited.

The company is taking advantage of the exemption available in Financial Reporting Standard No. 8 Related Party Disclosures from disclosing intercompany and related party transactions, on the grounds that the company is a 100% subsidiary and that consolidated financial statements are publicly available.

8 Cash flow statement

A separate cash flow statement has not been prepared, under Financial Reporting Standard No. 1 - Cash Flow Statements, as a consolidated cash flow statement has been prepared and included in the consolidated financial statements of Ballymore Properties Limited and its subsidiaries.

9 Approval of financial statements

The directors approved the financial statements on 29 June 2000.