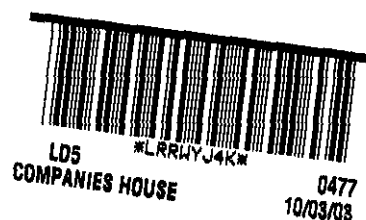


GLEESON HOMES (NORTH EAST) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30TH JUNE 2002

Company Registration Number 03104085



BREBNER ALLEN & TRAPP
Chartered Accountants & Registered Auditors
The Quadrangle
180 Wardour Street
London
W1F 8LB

GLEESON HOMES (NORTH EAST) LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 30TH JUNE 2002

CONTENTS	PAGES
Company information	1
The directors' report	2 to 3
Independent auditors' report to the shareholders	4 to 5
Balance sheet	6
Notes to the financial statements	7 to 8

GLEESON HOMES (NORTH EAST) LIMITED
COMPANY INFORMATION

The board of directors	C McLellan E J Lawrie
Company secretary	S L Seymour
Registered office	Haredon House London Road North Cheam Surrey SM3 9BS
Auditors	Brebner Allen & Trapp Chartered Accountants & Registered Auditors The Quadrangle 180 Wardour Street London W1F 8LB

GLEESON HOMES (NORTH EAST) LIMITED
THE DIRECTORS' REPORT
YEAR ENDED 30TH JUNE 2002

The directors present their report and the financial statements of the company for the year ended 30th June 2002.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is property development.

The company did not trade during the year.

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

DIRECTORS

The directors who served the company during the year were as follows:

C McLellan	
D J Gleeson	
E J Lawrie	(Appointed 26th July 2001)
C M Wilding	(Resigned 12th October 2001)

D J Gleeson resigned as a director on 25th September 2002.

No director had an interest in the share capital of the company during the year.

D J Gleeson and C W McLellan served as directors during the year. Their interests in the shares of the ultimate parent company are disclosed in the directors report of that company.

Other directors who served during the period and their beneficial interests in the share capital of the current parent company were as follows:

	Ordinary shares of 10p	
	2002	2001
E J Lawrie	1507	982
C M Wilding	nil	400
Share Options		
E J Lawrie	7154	7000
C M Wilding	nil	3000

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 7, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

GLEESON HOMES (NORTH EAST) LIMITED**THE DIRECTORS' REPORT** *(continued)***YEAR ENDED 30TH JUNE 2002**

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. The directors 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

A resolution to re-appoint Brebner Allen & Trapp as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Signed by order of the directors



~~S.L. SEYMOUR~~ C.W. McELLAN
~~Company Secretary~~ DIRECTOR.

Approved by the directors on 1st November 2002

GLEESON HOMES (NORTH EAST) LIMITED
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS
YEAR ENDED 30TH JUNE 2002

We have audited the financial statements on pages 6 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

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 THE DIRECTORS AND THE AUDITORS

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards are set out in the Statement of Directors' Responsibilities on pages 2 to 3.

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. Our responsibilities do not extend to any other information.

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 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.


GLEESON HOMES (NORTH EAST) LIMITED
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS *(continued)*
YEAR ENDED 30TH JUNE 2002

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30th June 2002 and have been properly prepared in accordance with the Companies Act 1985. No profit and loss account has been prepared as the company did not trade during the year.

The Quadrangle
180 Wardour Street
London
W1F 8LB

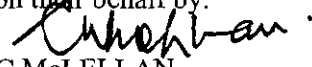
1st November 2002


BREBNER ALLEN & TRAPP
Chartered Accountants
& Registered Auditors

GLEESON HOMES (NORTH EAST) LIMITED
BALANCE SHEET
30TH JUNE 2002

	Note	2002 £	2001 £
CREDITORS: Amounts falling due within one year	3	<u>5,035</u>	<u>5,035</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(5,035)</u>	<u>(5,035)</u>
CAPITAL AND RESERVES			
Called-up equity share capital	6	2	2
Profit and Loss Account		<u>(5,037)</u>	<u>(5,037)</u>
DEFICIENCY	7	<u>(5,035)</u>	<u>(5,035)</u>

These financial statements were approved by the directors on the 15th October 2002 and are signed on their behalf by:


C McLELLAN
DIRECTOR.

GLEESON HOMES (NORTH EAST) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30TH JUNE 2002

1. ACCOUNTING POLICIES**Basis of accounting**

The financial statements have been prepared under the historical cost convention.

Cash flow statement

As the cashflow statement included in the consolidated accounts of the ultimate parent company complies with the conditions of FRS1 Cashflow Statements, the company is exempt from the requirements to prepare a separate cashflow statement.

2. PROFIT AND LOSS ACCOUNT

The company did not trade during the year and has made neither a profit nor a loss. No Profit and Loss Account has therefore been prepared.

3. CREDITORS: Amounts falling due within one year

	2002	2001
	£	£
Other creditors	<u>5,035</u>	<u>5,035</u>

4. ULTIMATE PARENT UNDERTAKING

Gleeson Homes (North East) Limited is a wholly owned subsidiary of M J Gleeson Group plc (registered in England and Wales), it's ultimate parent company.

A copy of the consolidated accounts of M J Gleeson Group plc may be obtained from the Company Secretary, Haredon House, London Road, North Cheam, Sutton, Surrey SM3 9BS.

5. RELATED PARTY TRANSACTIONS

Control of the company vests in the ultimate parent undertaking as stated above.

Included in creditors is an amount due to its immediate holding company, Colroy Investments Limited, registered in England and Wales (see note 3).

6. SHARE CAPITAL**Authorised share capital:**

	2002	2001
	£	£
500 Ordinary 'A' shares shares of £1 each	500	500
500 Ordinary 'B' shares shares of £1 each	500	500
	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	2002	2001
	£	£
Ordinary share capital	<u>2</u>	<u>2</u>

GLEESON HOMES (NORTH EAST) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30TH JUNE 2002

7. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £	2001 £
Opening shareholders' equity deficit	<u>(5,035)</u>	<u>(5,035)</u>
Closing shareholders' equity deficit	<u>(5,035)</u>	<u>(5,035)</u>