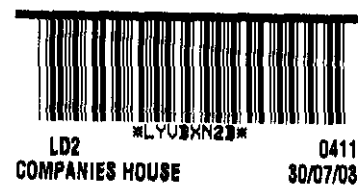


TERRACE HILL NORTH EAST LIMITED
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
31 OCTOBER 2002

Company Registration Number 3125799



TERRACE HILL NORTH EAST LIMITED
FINANCIAL STATEMENTS
PERIOD FROM 1 AUGUST 2001 TO 31 OCTOBER 2002

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TERRACE HILL NORTH EAST LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

R F M Adair
N J C Turnbull
P A J Leech
K W Grundy
R E Lane

Company secretary

Park Circus (Secretaries) Limited

Registered office

1 Portland Place
London
W1B 1PN

Auditors

Thompson Taraz
Chartered Accountants
& Registered Auditors
3 New Burlington Mews
Mayfair
London
W1B 4QB

TERRACE HILL NORTH EAST LIMITED

THE DIRECTORS' REPORT

PERIOD FROM 1 AUGUST 2001 TO 31 OCTOBER 2002

The directors have pleasure in presenting their report and the financial statements of the company for the Period from 1 August 2001 to 31 October 2002.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is property development.

The directors are satisfied with the result for the year and the position at the year end and expect the company to continue to trade profitably in the forthcoming year.

RESULTS AND DIVIDENDS

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

The directors have recommended the following dividends:

	Period to 31 October 2002	Year to 31 July 2001
	£	£
Dividends declared on ordinary shares	<u>2,969,524</u>	<u>403,011</u>

DIRECTORS

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

N J C Turnbull

P A J Leech

T R Cansick

R F M Adair (Appointed 26 March 2002)

K W Grundy (Appointed 26 March 2002)

R E Lane (Appointed 26 March 2002)

T R Cansick retired as a director on 13 November 2002.

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 Period and of the profit or loss for the Period then ended. In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on page 10, and then apply them consistently;

make judgements and estimates that are reasonable and prudent;

state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

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. 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.

TERRACE HILL NORTH EAST LIMITED

THE DIRECTORS' REPORT *(continued)*

PERIOD FROM 1 AUGUST 2001 TO 31 OCTOBER 2002

AUDITORS

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

Registered office:
1 Portland Place
London
W1B 1PN

Signed by order of the directors



PARK CIRCUS (SECRETARIES) LIMITED
Company Secretary

Approved by the directors on 24 June 2003

TERRACE HILL NORTH EAST LIMITED
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS
PERIOD FROM 1 AUGUST 2001 TO 31 OCTOBER 2002

We have audited the financial statements on pages 5 to 14 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets and the accounting policies set out on page 10.

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in an auditors' 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 shareholders 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 page 2.

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.

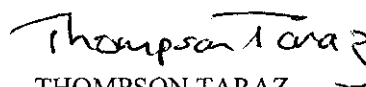
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 October 2002 and of its profit for the Period then ended, and have been properly prepared in accordance with the Companies Act 1985.

3 New Burlington Mews
Mayfair
London
W1B 4QB

24 June 2003


THOMPSON TARAZ
Chartered Accountants
& Registered Auditors

TERRACE HILL NORTH EAST LIMITED
PROFIT AND LOSS ACCOUNT
PERIOD FROM 1 AUGUST 2001 TO 31 OCTOBER 2002

	Note	31 Oct 02 £	Year to 31 Jul 01 £
TURNOVER	2	12,622,049	11,657,068
Cost of sales		(11,817,837)	(9,851,397)
GROSS PROFIT		804,212	1,805,671
Administrative expenses		(53,153)	(90,861)
OPERATING PROFIT	3	751,059	1,714,810
Income from shares in group undertakings	5	396,310	—
Interest receivable		101,415	5,404
Interest payable and similar charges	6	(143,674)	(376,843)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,105,110	1,343,371
Tax on profit on ordinary activities	7	—	—
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,105,110	1,343,371
Dividends	8	(2,969,524)	(403,011)
(LOSS)/RETAINED PROFIT FOR THE FINANCIAL PERIOD		(1,864,414)	940,360

All of the activities of the company are classed as continuing.

The notes on pages 10 to 14 form part of these financial statements.

TERRACE HILL NORTH EAST LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
PERIOD FROM 1 AUGUST 2001 TO 31 OCTOBER 2002

	31 Oct 02 £	Year to 31 Jul 01 £
Profit for the financial Period attributable to the shareholders	1,105,110	1,343,371
Unrealised loss on revaluation of: Shares in group companies brought forward	(226,399)	(3,516)
Total gains and losses recognised since the last annual report	<u>878,711</u>	<u>1,339,855</u>

The notes on pages 10 to 14 form part of these financial statements.

TERRACE HILL NORTH EAST LIMITED

BALANCE SHEET

31 OCTOBER 2002

	Note	31 Oct 02 £	£	31 Jul 01 £
FIXED ASSETS				
Investments	9		2,131,433	<u>2,239,517</u>
CURRENT ASSETS				
Stocks	10	3,130,928		3,624,850
Debtors	11	1,972,796		3,149,181
Cash at bank		26,344		—
		<u>5,130,068</u>		<u>6,774,031</u>
CREDITORS: Amounts falling due within one year	12	<u>7,491,316</u>		<u>6,313,062</u>
NET CURRENT (LIABILITIES)/ASSETS			<u>(2,361,248)</u>	<u>460,969</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(229,815)</u>	<u>2,700,486</u>
CREDITORS: Amounts falling due after more than one year	13		—	839,488
			<u>(229,815)</u>	<u>1,860,998</u>
CAPITAL AND RESERVES				
Called-up equity share capital	16		100	100
Revaluation reserve	17		(229,915)	(3,516)
Profit and Loss Account	18		—	1,864,414
(DEFICIENCY)/SHAREHOLDERS' FUNDS	19		<u>(229,815)</u>	<u>1,860,998</u>

These financial statements were approved by the directors on the 24 June 2003 and are signed on their behalf by:

N J C TURNBULL

The notes on pages 10 to 14 form part of these financial statements.

TERRACE HILL NORTH EAST LIMITED
CASH FLOW STATEMENT
PERIOD FROM 1 AUGUST 2001 TO 31 OCTOBER 2002

	31 Oct 02 £	Year to 31 Jul 01 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	4,747,744	5,907,229
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Income from group undertakings	396,310	—
Interest received	101,415	5,404
Interest paid	<u>(143,674)</u>	<u>(376,843)</u>
NET CASH INFLOW/(OUTFLOW) FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	354,051	(371,439)
ACQUISITIONS AND DISPOSALS		
Acquisition of shares in group undertakings	<u>(118,315)</u>	<u>(2,243,033)</u>
NET CASH OUTFLOW FROM ACQUISITIONS AND DISPOSALS	(118,315)	(2,243,033)
EQUITY DIVIDENDS PAID	(2,969,524)	(403,011)
CASH INFLOW BEFORE FINANCING	2,013,956	2,889,746
FINANCING		
Repayment of bank loans	<u>(1,987,612)</u>	<u>(2,889,746)</u>
NET CASH OUTFLOW FROM FINANCING	(1,987,612)	(2,889,746)
INCREASE IN CASH	<u>26,344</u>	<u>—</u>

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	31 Oct 02 £	Year to 31 Jul 01 £
Operating profit	751,059	1,714,810
Decrease in stocks	493,922	6,865,980
Decrease/(increase) in debtors	1,176,385	(2,208,598)
Increase/(decrease) in creditors	<u>2,326,378</u>	<u>(464,963)</u>
Net cash inflow from operating activities	<u>4,747,744</u>	<u>5,907,229</u>

The notes on pages 10 to 14 form part of these financial statements.

TERRACE HILL NORTH EAST LIMITED

CASH FLOW STATEMENT *(continued)*

PERIOD FROM 1 AUGUST 2001 TO 31 OCTOBER 2002

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	31 Oct 02	31 Jul 01
	£	£
Increase in cash in the period	26,344	—
Net cash outflow from bank loans	1,987,612	2,889,746
	<u>2,013,956</u>	<u>2,889,746</u>
Change in net debt	2,013,956	2,889,746
Net debt at 1 August 2001	(4,029,495)	(6,919,241)
Net debt at 31 October 2002	<u>(2,015,539)</u>	<u>(4,029,495)</u>

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Aug 2001	Cash flows	At 31 Oct 2002
	£	£	£
Net cash:			
Cash in hand and at bank	—	26,344	26,344
Debt:			
Debt due within 1 year	(3,190,007)	1,148,124	(2,041,883)
Debt due after 1 year	(839,488)	839,488	—
	<u>(4,029,495)</u>	<u>1,987,612</u>	<u>(2,041,883)</u>
Net debt	<u>(4,029,495)</u>	<u>2,013,956</u>	<u>(2,015,539)</u>

The notes on pages 10 to 14 form part of these financial statements.

TERRACE HILL NORTH EAST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD FROM 1 AUGUST 2001 TO 31 OCTOBER 2002

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards. The financial statements present information about the company as an individual undertaking and not about its group. The company is exempt from preparing group accounts under Section 228 of the Companies Act 1985 as it is a subsidiary of Westview Group Limited, which is registered in England and Wales.

Turnover

Turnover represents sales of trading properties and rental and service charge income excluding value added tax and arises solely within the United Kingdom. Sales of properties are reflected in the accounts if the property is deemed to be practically complete and an unconditional contract is exchanged by the balance sheet date and the sale is completed before the date of approval of the accounts.

Work in progress

Work in progress is stated at the lower of cost and net realisable value. Interest costs and other attributable direct overheads are included in the value of work in progress where appropriate.

Investment in subsidiaries

Investments in subsidiary and associated undertakings are accounted using the equity method whereby the original cost of the investment is adjusted for changes in the value of the underlying net assets. Changes in the net asset value of subsidiaries are allocated to a revaluation reserve except permanent diminution in value which are charged to the profit and loss account.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	31 Oct 02	Year to 31 Jul 01
	£	£
Sale of properties	12,558,556	11,320,465
Rental income	52,193	306,346
Other Income	11,300	30,257
	<u>12,622,049</u>	<u>11,657,068</u>

3. OPERATING PROFIT

Operating profit is stated after charging:

	31 Oct 02	Year to 31 Jul 01
	£	£
Directors' emoluments	-	-
Auditors' remuneration		
- as auditors	<u>5,000</u>	<u>3,000</u>

TERRACE HILL NORTH EAST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD FROM 1 AUGUST 2001 TO 31 OCTOBER 2002

4. PARTICULARS OF EMPLOYEES

No salaries or wages have been paid to employees, including the directors, during the Period.

5. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	31 Oct 02	Year to 31 Jul 01
	£	£
Dividend Received	<u>396,310</u>	<u>—</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	31 Oct 02	Year to 31 Jul 01
	£	£
Interest payable on bank borrowing	64,949	181,259
Interest paid to group undertakings	70,291	195,584
Other similar charges	8,434	—
	<u>143,674</u>	<u>376,843</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the Period is lower than the standard rate of corporation tax in the UK of 20% (2001 - 20%).

	31 Oct 02	Year to 31 Jul 01
	£	£
Profit on ordinary activities before taxation	<u>1,105,110</u>	<u>1,343,371</u>
Profit/(loss) on ordinary activities by rate of tax	221,022	268,674
Group relief	<u>(221,022)</u>	<u>(268,674)</u>
Total current tax	<u>—</u>	<u>—</u>

8. DIVIDENDS

The following dividends have been declared in respect of the Period:

	31 Oct 02	Year to 31 Jul 01
	£	£
Dividends declared on ordinary shares	<u>2,969,524</u>	<u>403,011</u>

TERRACE HILL NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 AUGUST 2001 TO 31 OCTOBER 2002

9. INVESTMENTS

	Investment in Subsidiary
	£
COST OR VALUATION	
At 1 August 2001	2,239,517
Additions	118,315
Revaluations	(226,399)
At 31 October 2002	<u>2,131,433</u>
NET BOOK VALUE	
At 31 October 2002	<u>2,131,433</u>
At 31 July 2001	<u>2,239,517</u>

10. STOCKS

	31 Oct 02	31 Jul 01
	£	£
Work in progress	<u>3,130,928</u>	<u>3,624,850</u>

Development work in progress includes £274,740 of interest (2001: £132,614).

11. DEBTORS

	31 Oct 02	31 Jul 01
	£	£
Trade debtors	331,402	2,702,250
Amounts owed by group undertakings	1,022,428	291,701
VAT recoverable	45,600	21,659
Other debtors	17,774	-
Prepayments and accrued income	555,592	133,571
	<u>1,972,796</u>	<u>3,149,181</u>

12. CREDITORS: Amounts falling due within one year

	31 Oct 02	31 Jul 01
	£	£
Bank loans and overdrafts	2,041,883	3,190,007
Trade creditors	1,444,971	600,441
Amounts owed to group undertakings	251,804	1,555,275
Other creditors	2,969,524	403,011
Accruals and deferred income	783,134	564,328
	<u>7,491,316</u>	<u>6,313,062</u>

The bank loans are secured by legal charges on properties and other assets in subsidiary undertakings and by collateral owned by the Adair Trusts together with guarantees from certain subsidiary undertakings. Interest is charged at varying commercial rates.

TERRACE HILL NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 AUGUST 2001 TO 31 OCTOBER 2002

13. CREDITORS: Amounts falling due after more than one year

	31 Oct 02	31 Jul 01
	£	£
Bank loans and overdrafts	<u>—</u>	<u>839,488</u>

14. FINANCIAL COMMITMENTS

The amount of capital expenditure authorised and contracted for at the year end was £215,657 (2001:£9,766,117).

15. RELATED PARTY TRANSACTIONS

The collateral referred to in note 12 is pledged by the Adair Trusts.

Management charges of £1,033,367 (2001:£933,991) were paid to Terrace Hill Projects Limited, a fellow subsidiary company.

The company has taken advantage of the exemption allowed by Financial Reporting Standard 8, 'Related Party Transactions', not to disclose any transactions with entities that are included in the consolidated financial statements of Westview Group Limited.

16. SHARE CAPITAL

Authorised share capital:

	31 Oct 02	31 Jul 01
	£	£
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	31 Oct 02		31 Jul 01	
	No	£	No	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

17. REVALUATION RESERVE

	31 Oct 02	Year to 31 Jul 01
	£	£
Balance brought forward	(3,516)	—
Revaluation of fixed assets	(226,399)	(3,516)
Balance carried forward	<u>(229,915)</u>	<u>(3,516)</u>

18. PROFIT AND LOSS ACCOUNT

	31 Oct 02	Year to 31 Jul 01
	£	£
Balance brought forward	1,864,414	924,054
(Accumulated loss)/retained profit for the financial period	<u>(1,864,414)</u>	<u>940,360</u>
Balance carried forward	<u>—</u>	<u>1,864,414</u>

TERRACE HILL NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 AUGUST 2001 TO 31 OCTOBER 2002

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 Oct 02	31 Jul 01
	£	£
Profit for the financial Period	1,105,110	1,343,371
Dividends	(2,969,524)	(403,011)
	(1,864,414)	940,360
Other net recognised gains and losses	(226,399)	(3,516)
Net (reduction)/addition to funds	(2,090,813)	936,844
Opening shareholders' equity funds	1,860,998	924,154
Closing shareholders' equity (deficit)/funds	(229,815)	1,860,998

20. ULTIMATE PARENT COMPANY

The immediate parent company is Terrace Hill Limited which is registered in England and Wales.
The ultimate parent company is Terrace Hill Group Plc which is registered in Scotland.