

TAWNYWOOD DEVELOPMENTS LIMITED

DIRECTORS' REPORT AND ACCOUNTS

31 DECEMBER 2004



TAWNYWOOD DEVELOPMENTS LIMITED

DIRECTORS' REPORT

The directors present their report and audited financial statements for the period ended 31 December 2004.

The Company was acquired by George Wimpey UK Limited on 30th April 2004 and transferred its trade to George Wimpey UK Limited on 30th June 2004.

Principal Activity

The principal activity of the company was that of property development until the transfer of its trade on 30th June 2004.

Directors and their Interests

The directors who held office during the period are given below. N Hastie was appointed as a director on 19th April 2006.

None of the directors had a beneficial interest in the shares of the company.

The interests of the directors in the shares and share options of the ultimate parent company, George Wimpey Plc, as at 31 December 2004 and 1 August 2003, were as follows:

	Ordinary Shares	
	31/12/2004	01/08/2003 ⁽¹⁾
P J Bourne (appointed 29/06/04)	2,692	2,692
J B Gainham (appointed 30/04/04)	21,356	21,038
J Phillips (appointed 30/04/04);(resigned 19/04/2006)	(2)	(2)
M J Rushe (appointed 29/06/04)	5	5
J Symons (appointed 30/04/04)	-	-
D J Turner (appointed 29/06/04)	-	-
J M Wilson (appointed 29/06/04)	-	-

⁽¹⁾ Or on appointment

⁽²⁾ J Phillips is a director of George Wimpey UK Limited and his interests in the share capital and share options of George Wimpey Plc are disclosed in the financial statements of that company.

Directors' Interests in Options over Ordinary Shares

	Options at 31/12/2004	Granted 2004	Exercised 2004	Lapsed 2004	Options at 01/08/2003 ⁽¹⁾
P J Bourne	25,904	6,305	-	-	19,599
J B Gainham	57,964	6,546	5,819	-	57,237
M J Rushe	26,310	4,045	1,054	-	23,319
J Symons	22,124	3,183	-	-	18,941
D J Turner	22,124	3,183	-	-	18,941
J M Wilson	21,674	3,064	-	-	18,610

Details of share options exercised by the directors during the year are:

	Share Options Exercised	Option Scheme	Date of Exercise	Exercise Price	Market Price at Date of Exercise
J B Gainham	5,819	1994 ESOS	21/09/2004	203p	427.50p
M J Rushe	1,054	1993 SAYE	01/12/2004	96p	360.75p

TAWNYWOOD DEVELOPMENTS LIMITED

DIRECTORS' REPORT (continued)

All the interests were held beneficially.

All the options were granted under the terms of the ultimate parent company's savings related and executive share option schemes.

No director was materially interested during the year in any contract which was significant in relation to the business of the company.

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently during the period. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the period ended 31 December 2004 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and 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.

Registered auditors

The company has previously passed an elective resolution under Section 386 of the Companies Act 1985 to dispense with the obligation to re-appoint the auditors, PricewaterhouseCoopers LLP, annually.

By order of the board



M Rushe
24th April 2006

TAWNYWOOD DEVELOPMENTS LIMITED

Independent auditors' report to the members of Tawnywood Developments Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and 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.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

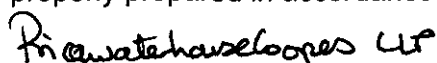
Basis of audit opinion

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 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 affairs of the company at 31 December 2004 and of the result for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

2006

TAWNYWOOD DEVELOPMENTS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE 17 MONTHS ENDED 31 DECEMBER 2004

	Notes	2004 £	Year Ended 31 July 2003 £
Turnover		-	-
Cost of sales		-	-
		<hr/>	<hr/>
Gross loss		-	-
Administration expenses		25,000	31,279
		<hr/>	<hr/>
Loss on ordinary activities before tax	2	(25,000)	(31,279)
Tax on loss on ordinary activities		-	-
		<hr/>	<hr/>
Retained loss for the year		(25,000)	(31,279)
		<hr/>	<hr/>

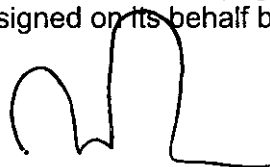
TAWNYWOOD DEVELOPMENTS LIMITED

BALANCE SHEET

As at 31 December 2004

	Notes	2004 £	2003 £
Current Assets			
Stocks		-	3,433,686
Debtors	3	-	1,708
		-	3,435,394
Creditors: Amounts falling due within one year	4	-	(3,522,057)
Total Assets Less Current Liabilities		-	(86,663)
Creditors due after more than one year:			
- amounts owed to group undertakings		(111,663)	-
Net Liabilities		(111,663)	(86,663)
Capital and Reserves			
Called up share capital	5	64	64
Profit and loss account	6	(111,727)	(86,727)
Equity Shareholder's Funds		(111,663)	(86,663)

The accounts on pages 4 to 7 were approved by the board of directors on 24th April 2006 and signed on its behalf by:



M Rushe
Director

TAWNYWOOD DEVELOPMENTS LIMITED

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 2004

1. Accounting Policies

The financial statements are prepared under the historical cost convention, and in accordance with applicable accounting standards.

Stock is valued at the lower of cost and net realisable value, where cost includes attributable interest. Interest capitalised is calculated by reference to the rate of interest payable on the borrowings to finance the development of the property.

The directors of the immediate parent undertaking have indicated that they will continue to support the company to ensure that all external liabilities are met in full.

2. Operating Loss

The operating loss is stated after charging:

	2004	2003
	£	£
Auditors' remuneration	-	500

3. Debtors: Amounts Falling Due Within One Year

	2004	2003
	£	£
Other Debtors	-	1,644
Unpaid share capital	-	64
	-	1,708

4. Creditors: Amounts Falling Due Within One Year

	2004	2003
	£	£
Trade Creditors	-	14,226
Other Creditors	-	3,330,400
Accrued Expenses	-	177,431
	-	3,522,057

No corporation tax has been provided in this company as a result of the transfer of trade by virtue of the indemnity as referred to in note 8 below.

TAWNYWOOD DEVELOPMENTS LIMITED

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 2004

5. Share Capital

	2004 £	2003 £
Authorised:		
100 ordinary shares of £1 each	100	100
10,000 ordinary shares of US\$0.01	62	62
	<u>162</u>	<u>162</u>
Allotted, called up and fully paid:		
2 ordinary shares of £1 each	2	2
10,000 ordinary shares of US\$0.01	62	62
	<u>64</u>	<u>64</u>

6. Reserves

	2004 £	2003 £
Deficit brought forward	(86,727)	(55,448)
Loss for the period	(25,000)	(31,279)
Deficit carried forward	<u>(111,727)</u>	<u>(86,727)</u>

7. Ultimate Parent Company

The company is a wholly owned subsidiary of George Wimpey Midland Limited, a company registered in England.

The ultimate parent company and controlling party is George Wimpey Plc, a company registered in England. A copy of the group financial statements may be obtained from the Group Company Secretary, George Wimpey Plc, Manning House, 22 Carlisle Place, London SW1P 1JA.

8. Indemnity

In 2005 the company has signed an agreement to act as an undisclosed agent for George Wimpey UK Limited, a fellow subsidiary of the George Wimpey Plc group. As a result, George Wimpey UK Limited has given an indemnity to the company under which it will meet all past, present and future liabilities that may arise.