

CANARY WHARF (DS5) LIMITED
Registered Number: 3719075

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2002



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DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2002

The directors present herewith the audited financial statements for the year ended 30 June 2002.

ULTIMATE PARENT UNDERTAKING

The company's immediate parent undertaking is Canary Wharf Holdings (DS5) Limited, a company registered in England and Wales. The company's ultimate parent is Canary Wharf Group plc ('CWG').

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The principal activity of the company is to act as an investment holding company.

DIVIDENDS AND RESERVES

The profit and loss account for the year ended 30 June 2002 is set out on page 6. The directors do not recommend the payment of a dividend (2001:£2,829,547) and the retained profit of £84,060 is to be transferred to reserves.

DIRECTORS

The directors of the company throughout the year ended 30 June 2002, except as noted, were:

A P Anderson II
G Iacobescu
R Lyons (appointed 9 April 2002)
G Rothman (resigned 8 April 2002)

DIRECTORS' INTERESTS

The directors have been granted options to subscribe for ordinary shares in CWG. Details of interests and options to subscribe for shares in CWG are disclosed as appropriate in the financial statements of either the intermediate parent companies, Canary Wharf Holdings Limited or Canary Wharf Estate Limited, or CWG, the ultimate parent company.

Other than the above, no director had any beneficial interest in the shares of the company, its parent undertaking or any of its subsidiaries at 30 June 2002 or at any time throughout the year then ended.


DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2002

AUDITORS

On 31 July 2002 Arthur Andersen resigned as auditors and Deloitte & Touche were appointed in their place. In accordance with section 394 of the Companies Act 1985, Arthur Andersen have confirmed that there are no circumstances connected with their ceasing to hold office which they consider should be brought to the attention of the company's members.

Elective resolutions to dispense with holding annual general meetings, the laying of financial statements before the company in general meeting and the appointment of auditors annually are currently in force. The auditors, Deloitte & Touche, will therefore be deemed to have been reappointed at the end of the period of 28 days, beginning the day on which copies of this report and financial statements are sent to members unless a resolution is passed under section 393 of the Companies Act 1985 to the effect that their appointment be brought to an end.

BY ORDER OF THE BOARD


..... Company Secretary
J R Garwood

16 October 2002

Registered office:
30th Floor
One Canada Square
Canary Wharf
London
E14 5AB

STATEMENT OF THE DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the results of the company for the year then ended. 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;
- 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 enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CANARY WHARF (DS5) LIMITED

We have audited the financial statements of Canary Wharf (DS5) Limited for the year ended 30 June 2002 which comprise the profit and loss account and the balance sheet, and the related notes 1 to 15. These financial statements have been prepared under 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 the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 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 for the above year and consider the implications for our report if we become aware of any apparent misstatements.

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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
CANARY WHARF (DS5) LIMITED**

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Deloitte & Touche
Chartered Accountants and Registered Auditors
London

16 October 2002

CANARY WHARF (DS5) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2002

	Notes	Year Ended 30 June 2002	Year Ended 30 June 2001
		£	£
Other operating income		-	500
OPERATING PROFIT	2	-	500
Exceptional items:			
Profit on sale of fixed assets	3	-	2,821,348
Interest receivable	4	140,186	7,699
Interest payable and similar charges	5	(56,126)	-
PROFIT FOR THE FINANCIAL YEAR	12	84,060	2,829,547
Dividends	7	-	(2,829,547)
RETAINED PROFIT FOR THE YEAR	13	84,060	-

Movements in reserves are shown in Note 12 of these financial statements.

All amounts relate to continuing activities.

There were no recognised gains or losses for the year ended 30 June 2002 or the year ended 30 June 2001 other than those included in the profit and loss account.

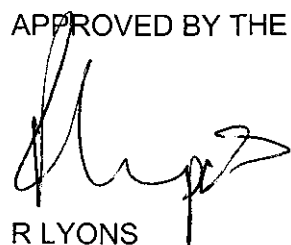
The notes on pages 8 to 12 form an integral part of these financial statements.

CANARY WHARF (DS5) LIMITED**BALANCE SHEET AS AT 30 JUNE 2002**

	Notes	30 June 2002	30 June 2001
		£	£
FIXED ASSETS			
Investments	8	3	3
CURRENT ASSETS			
Debtors	9	2,969,735	2,829,548
		2,969,735	2,829,548
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	10	(2,885,677)	(2,829,550)
NET CURRENT ASSETS/(LIABILITIES)		84,058	(2)
NET ASSETS		84,061	1
CAPITAL AND RESERVES			
Called-up share capital	11	1	1
Profit and loss account	12	84,060	-
SHAREHOLDERS' FUNDS - EQUITY	13	84,061	1

The notes on pages 8 to 12 form an integral part of these financial statements.

APPROVED BY THE BOARD ON 16 OCTOBER 2002 AND SIGNED ON ITS BEHALF BY:



R LYONS
DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

1 PRINCIPAL ACCOUNTING POLICIES

A summary of the principal accounting policies of the company, all of which have been applied consistently throughout the year and the preceding year, is set out below.

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

In accordance with the provisions of Financial Reporting Standard (FRS) 1 (Revised), a cash flow statement has not been prepared as the company is a wholly-owned subsidiary of a body incorporated in the European Union. A consolidated cash flow statement is included in the financial statements of CWG.

Investments in subsidiary undertakings

The company's investment in subsidiaries is stated at cost less any provision for impairment.

Interest receivable and interest payable

Interest receivable and payable are recognised in the period in which they fall due.

2 OPERATING PROFIT

None of the directors received any emoluments in respect of their services to the company during the year.

No staff were employed by the company other than the directors.

Auditors' remuneration has been borne by another group undertaking.

3 EXCEPTIONAL ITEMS

	Year Ended 30 June 2002	Year Ended 30 June 2001
	£	£
Profit on sale of fixed assets (Note 8)	-	2,821,348
	-	2,821,348

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

4 INTEREST RECEIVABLE

	Year Ended 30 June 2002	Year Ended 30 June 2001
	£	£
Interest receivable from group undertakings	140,186	7,699
	<u>140,186</u>	<u>7,699</u>

5 INTEREST PAYABLE AND SIMILAR CHARGES

	Year Ended 30 June 2002	Year Ended 30 June 2001
	£	£
Interest payable to group undertakings	56,126	-
	<u>56,126</u>	<u>-</u>

6 TAXATION

	Year ended 30 June 2002	Year ended 30 June 2001
	£	£
Current tax:		
UK corporation tax (see below)	-	-
Tax reconciliation:		
Profit on ordinary activities before tax	84,060	2,829,547
Tax on profit on ordinary activities at UK corporation tax rate of 30%	25,218	848,864
Effects of:		
Items not chargeable to tax	-	(846,404)
Tax losses and other timing differences	(25,218)	(2,460)
Current tax charge for the year	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

No provision for corporation tax has been made since the profit for the year will be covered by the group relief expected to be made available to the company by other companies in the group. No charge will be made by other group companies for the surrender of group relief. It is anticipated that group relief and other tax reliefs will impact on future tax charges. There is no unprovided deferred taxation.

7 DIVIDENDS

	Year Ended 30 June 2002	Year Ended 30 June 2001
	£	£
Ordinary dividends - proposed (£2,829,547 per share)	-	2,829,547
	-	2,829,547

8 INVESTMENTS

	Shares in Group Undertakings
	£
Net Book Value	
At 30 June 2001 and at 30 June 2002	3

At 30 June 2002 the company's subsidiary undertakings were as follows:

<u>Name</u>	<u>Description of shares held</u>	<u>Principal activities</u>
Canary Wharf (DS5) T1 Limited	Ordinary £1 shares	Trustee Company
Canary Wharf (DS5) T2 Limited	Ordinary £1 shares	Trustee Company
Canary Wharf Leasing (DS5) Limited	Ordinary £1 shares	Property Investment

The above are wholly owned subsidiaries, incorporated in Great Britain and registered in England and Wales.

During the prior year the company disposed of its investment in Canary Wharf Contractors (DS5) Limited to a fellow subsidiary undertaking for consideration of £2,821,349. The profit on disposal of £2,821,348 has been taken to the profit and loss account and treated as an exceptional item.

Financial information is only presented in these financial statements about the company as an individual undertaking and not about its group because the company and its subsidiary undertakings are included in the consolidated financial statements of a larger group (Note 15).

The directors are of the opinion that the value of the company's investments at 30 June 2002 was not less than the amount shown in the company's balance sheet.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

9 DEBTORS

	30 June 2002	30 June 2001
	£	£
Loan to fellow subsidiary undertaking	2,969,234	2,829,048
Amount owed by parent undertaking	1	-
Amounts owed by fellow subsidiary undertakings	500	500
	<u>2,969,735</u>	<u>2,829,548</u>

The loan to a fellow subsidiary undertaking bears interest at a rate linked to LIBOR and is repayable on demand.

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30 June 2002	30 June 2001
	£	£
Loan from parent undertaking	2,885,673	-
Amounts owed to parent undertaking	-	2,829,546
Amounts owed to fellow subsidiary undertakings	1	-
Amounts owed to subsidiary undertakings	3	4
	<u>2,885,677</u>	<u>2,829,550</u>

The loan from a parent undertaking bears interest at a rate linked to LIBOR, subject to certain caps, and is repayable on demand.

11 CALLED-UP SHARE CAPITAL

	30 June 2002	30 June 2001
	£	£
Equity Shares		
Authorised, 100 ordinary shares of £1 each	100	100
Allotted, called-up and fully paid, 1 ordinary shares of £1 each	<u>1</u>	<u>1</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002**12 RESERVES**

	Profit and Loss Account
	£
At 1 July 2001	-
Profit for the financial year	84,060
At 30 June 2002	84,060

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	£
Shareholders' funds as at 1 July 2001	1
Profit for the financial year	84,060
Shareholders' funds as at 30 June 2002	84,061

14 CAPITAL COMMITMENTS

As at 30 June 2002 the company had given fixed and floating charges over substantially all its assets to secure the commitments of certain other group undertakings.

15 RELATED PARTIES

The company's immediate parent undertaking is Canary Wharf Holdings (DS5) Limited, a company incorporated in Great Britain and registered in England and Wales. The company's ultimate parent was Canary Wharf Group plc (subsequently renamed Canary Wharf Estate Limited) until 4 December 2001. Following the completion of a group reconstruction on this date the new holding company, New Canary Wharf plc, subsequently renamed Canary Wharf Group plc, a company incorporated in Great Britain and registered in England and Wales, is considered the company's ultimate parent undertaking.

Canary Wharf Group plc is the parent company of the largest and smallest group of which the company is a member and for which group financial statements are drawn up.

Copies of the consolidated financial statements of Canary Wharf Group plc may be obtained from the Company Secretary, 30th Floor, One Canada Square, Canary Wharf, London E14 5AB.

The directors have taken advantage of the exemption in paragraph 3(c) of FRS8 allowing the company not to disclose related party transactions with respect to other group companies.