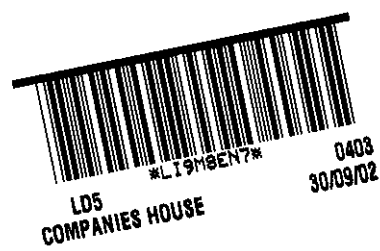


Pathfinder (Tib Street) Limited

REPORT AND FINANCIAL STATEMENTS

for the year ended
31 December 2001



Pathfinder (Tib Street) Limited

DIRECTORS AND OFFICERS

DIRECTORS

M Boase
MG Bacchus
GA Heggie

SECRETARY

Badger Hakim Secretaries Limited

COMPANY NUMBER

04018852

REGISTERED OFFICE

10 Dover Street
London W1S 4LQ

AUDITORS

Baker Tilly
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

Pathfinder (Tib Street) Limited

DIRECTORS' REPORT

The directors submit their report and the financial statements of Pathfinder (Tib Street) Limited for the year ended 31 December 2001.

PRINCIPAL ACTIVITY

The principal activity of the company during the year was that of property development.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The company owns a 0.67 acre site in Tib Street, Manchester, acquired in September 2000. A planning application was submitted in July 2001 for 111,000 sq. ft of office space on eight floors, car parking and 14,000 sq. ft of ground floor retail. Planning approval has been obtained since the year end. The site is currently let on a short term basis to NCP as a car park.

DIVIDEND

The directors do not recommend payment of a dividend.

DIRECTORS

The following directors have held office since 1 January 2001:

MG Bacchus

M Boase

GA Heggie

SP Dawkins

(resigned 15 April 2002)

DIRECTORS' INTERESTS IN SHARES

The directors held no interests in the shares of the company. Their interest in the parent company is disclosed in that company's financial statements.

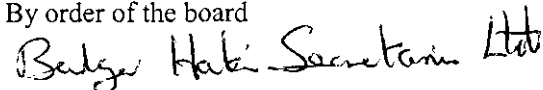
AUDITORS

The company has elected by elective resolution to dispense with the annual re-appointment of auditors. Accordingly, Baker Tilly, Chartered Accountants, will continue as auditors within the provision of section 386 of the Companies Act 1985.

ANNUAL GENERAL MEETING

The company has elected within the provision of section 366A of the Companies Act 1985, by elective resolution, to dispose with the holding of the annual general meeting.

By order of the board



Badger Hakim Secretaries Limited
Secretary

27 May 2002

Pathfinder (Tib Street) Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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 those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. 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 requirements of 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.

AUDITORS' REPORT TO THE MEMBERS OF PATHFINDER (TIB STREET) LIMITED

We have audited the financial statements on pages 5 to 10.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

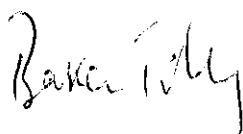
Basis of opinion

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 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BAKER TILLY

Registered Auditor
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

27 May 2002

Pathfinder (Tib Street) Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2001

		2001 £	2000 £
	<i>Notes</i>		
TURNOVER		-	-
Cost of sales		(99,053)	-
Gross loss		<u>(99,053)</u>	<u>-</u>
Other operating income		150,000	40,417
Administrative expenses		(8,840)	(720)
OPERATING PROFIT		<u>42,107</u>	<u>39,697</u>
Interest receivable and similar income	3	6,655	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1	<u>48,762</u>	<u>39,697</u>
Taxation	4	(7,187)	(11,908)
RETAINED PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	9	<u><u>41,575</u></u>	<u><u>27,789</u></u>

The operating profit for the year arises from the company's continuing operations.

No separate statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account.

The notes on pages 8 to 10 form part of these financial statements.

Pathfinder (Tib Street) Limited

BALANCE SHEET

at 31 December 2001

	Notes	2001 £	2000 £
CURRENT ASSETS			
Work in progress	5	4,145,003	4,156,967
Debtors	6	1	50,528
		<u>4,145,004</u>	<u>4,207,495</u>
CREDITORS: Amounts falling due within one year	7	(4,075,639)	(4,179,705)
NET CURRENT ASSETS		<u>69,365</u>	<u>27,790</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>69,365</u>	<u>27,790</u>
CAPITAL AND RESERVES			
Called up share capital	8	1	1
Profit and loss account	9	69,364	27,789
SHAREHOLDERS' FUNDS	10	<u>69,365</u>	<u>27,790</u>

Approved by the board on 27 May 2002

MG Bacchus Director

GA Heggie Director

The notes on pages 8 to 10 form part of these financial statements.

Pathfinder (Tib Street) Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

DEFERRED TAXATION

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes to the extent that it is probable that a liability will crystallise.

TURNOVER

Turnover comprises the value of development stock and work in progress sold during the year. Sales are recognised on exchange of contracts.

RECOGNITION OF PROFIT ON WORK IN PROGRESS

Gross profits on developments is attributed to the individual units sold on the basis of the work fairly attributable to the unit taking into account all costs to complete. No profit is recognised until a profitable outcome can be prudently foreseen.

WORK IN PROGRESS

Developments in progress are valued at the lower of cost and net realisable value. Provision is made for any anticipated losses. Cost includes costs of acquisition and development including directly attributable fees, expenses and finance charges, less any related income. Properties are treated as acquired on exchange of contracts with the vendors.

Pathfinder (Tib Street) Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2001

1	OPERATING PROFIT	2001 £	2000 £
	This is stated after charging/(crediting):		
	Auditors' remuneration		
	- audit fees	7,400	600
	- other fees	1,225	-
	Rental income	(150,000)	(40,417)
		<u> </u>	<u> </u>
2	EMPLOYEES		
	The company has no employees other than the directors.		
	DIRECTORS' REMUNERATION		
	No directors fees were paid in the year.		
3	INTEREST RECEIVABLE AND OTHER INCOME	2001 £	2000 £
	Guarantee fee receivable (see note 11)	6,655	-
		<u> </u>	<u> </u>
4	TAXATION	2001 £	2000 £
	UK Corporation tax	10,490	11,908
	Overprovision in previous year	(3,303)	-
		<u> </u>	<u> </u>
		7,187	11,908
		<u> </u>	<u> </u>
5	WORK IN PROGRESS	2001 £	2000 £
	Property under development	4,145,003	4,156,967
		<u> </u>	<u> </u>
6	DEBTORS	2001 £	2000 £
	VAT debtor	-	4,013
	Other debtors	1	46,515
		<u> </u>	<u> </u>
		1	50,528
		<u> </u>	<u> </u>

Pathfinder (Tib Street) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2001

7	CREDITORS: Amounts falling due within one year	2001 £	2000 £
	Amount due to parent undertaking	4,005,208	4,132,220
	Corporation tax	10,490	11,908
	Other creditors	9,385	-
	Accruals and deferred income	50,556	35,577
		<u>4,075,639</u>	<u>4,179,705</u>

The loan due to the parent undertaking is repayable out of the proceeds of the development.

8	SHARE CAPITAL	2001 £	2000 £
	Authorised:		
	100 ordinary shares of £1 each	100	100
		<u> </u>	<u> </u>
	Allotted, issued and fully paid:		
	1 ordinary shares of £1 each	1	1

9	PROFIT AND LOSS ACCOUNT	2001 £	2000 £
	Balance brought forward	27,789	-
	Profit for the financial year	41,575	27,789
		<u>69,364</u>	<u>27,789</u>

10	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	2001 £	2000 £
	Profit after taxation	41,575	27,789
	Ordinary shares issued in the year	-	1
		<u>41,575</u>	<u>27,790</u>
	Net addition to shareholders' funds	41,575	27,790
	Opening shareholders' funds	27,790	-
		<u>69,365</u>	<u>27,790</u>

11 RELATED PARTY TRANSACTIONS

Included in administration expenses are fees of £187 (2000: £120) paid to Badger Hakim Secretaries Limited for company secretarial services. Mr GA Heggie, a director of the company, is a shareholder and director of Badger Hakim Secretaries Limited.

Interest receivable and other income comprises a fee received from Pathfinder Properties PLC in connection with a guarantee given to Pathfinder (Loch Lomond) Limited by the company (see note 12). Pathfinder Properties PLC is the ultimate holding company of Pathfinder Recovery 1 PLC, a shareholder in this company's ultimate holding company (see note 13), and together with that company, owns the whole of the share capital in Pathfinder (Loch Lomond) Limited. Mr Bacchus and Mr Heggie are directors of Pathfinder (Loch Lomond) and Pathfinder Properties PLC.

Pathfinder (Tib Street) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2001

12 FINANCIAL COMMITMENTS

The company has guaranteed a bank loan of Pathfinder (Loch Lomond) Limited which is 50% owned by the company's ultimate holding company, Pathfinder Recovery Ventures Limited. The guarantee is by way of a charge over the company's development property and the maximum value of security given during the period amounted to £1,896,735.

13 ULTIMATE HOLDING COMPANY

The company is wholly owned by Pathfinder Recovery Ventures Limited which in turn is owned equally by Pathfinder Recovery 1 PLC and Pathfinder Recovery 2 PLC. All the companies are registered in England and Wales.