

TAYLOR WOODROW EUROPE

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD FROM 17 JUNE 2004 TO 31 DECEMBER 2004

REGISTERED IN ENGLAND AND WALES

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TAYLOR WOODROW EUROPE

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TAYLOR WOODROW EUROPE

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the period from 17 June 2004 to 31 December 2004.

INCORPORATION

The company was incorporated as an unlimited company on 17 June 2004.

ACTIVITIES AND REVIEW OF BUSINESS

The company's income represents interest on loans.

RESULTS AND DIVIDENDS

The company's profit for the period is set out in the profit and loss account on page 6. No dividend is proposed.

DIRECTORS AND THEIR INTERESTS IN SHARE AND LOAN CAPITAL OF THE COMPANY, ITS FELLOW SUBSIDIARIES, ITS PARENT AND ITS ULTIMATE PARENT COMPANY

The following were directors during the period:

Mr S R Impey and Mr D H Davies were appointed directors on 17 June 2004. Mr Davies resigned as a director on 27 January 2005. Key Legal Services (Nominees) Limited was appointed as a director on 17 June 2004 and resigned on that date.

The directors' interests in shares were as follows:

TAYLOR WOODROW plc 25p ordinary shares

	On appointment 17 June 2004	At 31 December 2004
S R Impey	-	-
D H Davies	14,662	15,912*
*includes 1,250 shares held by Halifax Corporate Trustees Limited under the Taylor Woodrow 2004 Share Purchase Plan.		

In addition, the directors held options to acquire the following shares:

TAYLOR WOODROW plc 25p ordinary shares

	On appointment 17 June 2004	Granted	Exercised	At 31 December 2004
S R Impey	125,279	-	-	125,279
D H Davies	174,515	-	20,000	154,515

The directors' interests in the above shares are all beneficial.

The options referred to above have been granted at prices between nil pence per share and 246.5p per share. These options are exercisable at various dates ranging from October 2003 until April 2014.

DIRECTORS' INTERESTS IN CONTRACTS

No director had an interest in any contract or arrangement of a material nature with the company, its fellow subsidiaries, its parent or its ultimate parent company during the year under review.

TAYLOR WOODROW EUROPE

DIRECTORS' REPORT (CONTINUED)

AUDITORS

Deloitte & Touche LLP were appointed the company's auditors during the period. They have expressed their willingness to continue in office as auditors and an elective resolution dispensing with the need to re-appoint auditors on an annual basis has been passed.

Approved by the Board of Directors on 29 June 2005
and signed on behalf of the Board



Mrs C De Feo
Secretary

TAYLOR WOODROW EUROPE

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on a 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. 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.

TAYLOR WOODROW EUROPE
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
TAYLOR WOODROW EUROPE

We have audited the financial statements of Taylor Woodrow Europe for the period from 17 June 2004 to 31 December 2004 which comprise the profit and loss account, the balance sheet and the related notes 1 to 7. These financial statements have been prepared under the accounting policy set out therein.

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 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

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 explanation 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 period 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 assurances 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 the 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 as at 31 December 2004 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Nesbitt . Touche LLP
Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Birmingham

30 June 2005 5

TAYLOR WOODROW EUROPE
PROFIT AND LOSS ACCOUNT
FOR THE PERIOD FROM 17 JUNE TO 31 DECEMBER 2004

	Note	Period from 17 June to 31 December 2004 £000
Interest receivable from Group undertaking		291
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	291
Tax on profit on ordinary activities	3	(87)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND FOR THE FINANCIAL PERIOD RETAINED		<u>204</u>

There were no recognised gains or losses since incorporation other than those shown above.

Profit on a historical cost basis would not be materially different to that reported in the profit and loss account.

TAYLOR WOODROW EUROPE
BALANCE SHEET AT 31 DECEMBER 2004

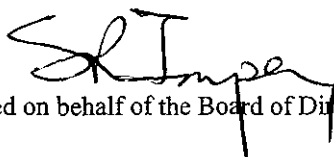
Note

		2004 £000
CURRENT ASSETS		
Debtors – amount due from ultimate parent company		19,581
Cash at bank		10
		<hr/> 19,591
Creditors: amounts falling due within one year – taxation on profits		(87)
		<hr/> 19,504
NET CURRENT ASSETS		
		<hr/> <hr/>
Represented by:		
CAPITAL AND RESERVES – EQUITY		
Called up ordinary share capital	4	19,300
Profit and loss account	5	204
		<hr/>
EQUITY SHAREHOLDERS' FUNDS	6	<hr/> <hr/> 19,504

The financial statements were approved by the Board of Directors 29 June 2005

on

Signed on behalf of the Board of Directors



TAYLOR WOODROW EUROPE

NOTES ON THE FINANCIAL STATEMENTS

PERIOD FROM 17 JUNE 2004 TO 31 DECEMBER 2004

1. BASIS OF PREPARATION

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

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	Period from 17 June to 31 December 2004 £000
Profit on ordinary activities before taxation is after charging:	
Auditors' remuneration	-
Directors' emoluments	-
	<u> </u>

3. TAX ON PROFIT ON ORDINARY ACTIVITIES

	£000
United Kingdom corporation tax @ 30%	
Current period	<u>87</u>

There are no differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax of £291,000.

4. CALLED UP ORDINARY SHARE CAPITAL

	31 December 2004 £000
Authorised:	
75,000,000 ordinary shares of £1 each	<u>75,000</u>
Called up, allotted and fully paid:	
19,300,002 shares of £1 each	<u>19,300</u>

5. PROFIT AND LOSS ACCOUNT

	£000
Retained profit for the period since incorporation	<u>204</u>
31 December 2004	<u>204</u>

TAYLOR WOODROW EUROPE

NOTES ON THE FINANCIAL STATEMENTS

PERIOD FROM 17 JUNE 2004 TO 31 DECEMBER 2004

6. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Period from 17 June to 31 December 2004 £000
Profit for the financial period since incorporation	204
New share capital subscribed	19,300
	<hr/>
Net increase in shareholders' funds	19,504
Opening shareholders' funds	-
	<hr/>
Closing shareholders' funds	<u>19,504</u>

7. PARENT UNDERTAKING

The company's parent is Taylor Woodrow (Luxembourg) Holdings SeNC, a Luxembourg partnership, and its ultimate controlling company is Taylor Woodrow plc, which is incorporated in Great Britain and registered in England and Wales.

The company has taken advantage of the exemption contained in FRS8 (Related Party Transactions) which allows it not to disclose transactions with Group entities or investees which are eliminated on consolidation.

The largest group of undertakings for which Group financial statements are drawn up and of which the company is a member is the Taylor Woodrow plc Group. No other Group financial statements are prepared. Copies of the Group financial statements of Taylor Woodrow plc can be obtained from the Registrar of Companies, Crown Way, Maindy, Cardiff CF14 3UZ.