Company Registration No. 2906841 (England and Wales)

SITEMASTER LIMITED

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002



SITEMASTER LIMITED

COMPANY INFORMATION

Director	P L Rowe
Secretary	C M Rowe
Company number	2906841
Registered office	Epicurus House 1 Akehurst Lane Sevenoaks Kent TN13 1JN
Auditors	MRI Moores Rowland Mitre House, 177 Regent Street London WIB 4BB
Bankers	National Westminster Bank Plc The High Street Southampton

SITEMASTER LIMITED

CONTENTS

	Page
Director's report	1
Independent auditors' report	2
Profit and loss account	3
Balance sheet	4
Notes to the financial statements	5 - 9

SITEMASTER LIMITED

DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 MARCH 2002

The director presents her report and financial statements for the year ended 31 March 2002.

Principal activities and review of the business
The principal activity of the company continued to be that of a property development company.

On the 8th March 2002, the company was acquired by Propan Homes Plc.

Results and dividends
The results for the year are set out on page 3.

Director
The following director has held office since 1 April 2001:

P L Rowe

Director's interests
The director's interest in the shares of the company was as stated below:

	Ordinary shares of £ 1 each	
	31 March 2002	1 April 2001
P L Rowe	-	1

Auditors
In accordance with section 388 of the Companies Act 1985, the directors convened a general meeting to appoint MRI Moores Rowland as auditors of the company as a replacement to Turpin Barker Armstrong, and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

Director's responsibilities
Company law requires the director 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 period. In preparing those financial statements, the director is required to:
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable her to ensure that the financial statements comply with the Companies Act 1985. She is 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.

By order of the board

.....
C M Rowe
Secretary
30/8/02

SITEMASTER LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SITEMASTER LIMITED

We have audited the financial statements of Sitemaster Limited on pages 3 to 9 for the year ended 31 March 2002. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of the director and auditors

As described in the statement of director's responsibilities on page 1 the company's director is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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 director's 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 director's remuneration and transactions with the company is not disclosed.

We read the director's report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 director 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 March 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

MRI Moores Rowland

MRI Moores Rowland

Chartered Accountants
Registered Auditor

7 October 2002

.....

Mitre House, 177 Regent Street
London
WIB 4BB

SITEMASTER LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2002

	Notes	2002 £	2001 £
Turnover	**2**	3,418,114	2,855,414
Cost of sales		(2,215,094)	(2,465,937)
Gross profit		1,203,020	389,477
Administrative expenses		(20,596)	(199,450)
Operating profit	**3**	1,182,424	190,027
Other interest receivable and similar income		-	80
Interest payable and similar charges	**4**	(989,495)	(314,204)
Profit/(loss) on ordinary activities before taxation		192,929	(124,097)
Tax on profit/(loss) on ordinary activities	**5**	(11,847)	-
Profit/(loss) on ordinary activities after taxation	**11**	181,082	(124,097)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

SITEMASTER LIMITED

BALANCE SHEET
AS AT 31 MARCH 2002

	Notes	2002 £	2002 £	2001 £	2001 £
Fixed assets					
Tangible assets	6		14,944		11,153
Current assets					
Stocks	7	12,316,226		12,371,888	
Debtors	8	2,949,879		1,035,859	
Cash at bank and in hand		2,693		91,794	
		15,268,798		13,499,541	
Creditors: amounts falling due within one year	9	(15,174,841)		(13,582,875)	
Net current assets/(liabilities)			93,957		(83,334)
Total assets less current liabilities			108,901		(72,181)
Capital and reserves					
Called up share capital	10		50,000		50,000
Profit and loss account	11		58,901		(122,181)
Shareholders' funds - equity interests	12		108,901		(72,181)

The financial statements were approved by the Board on 30 August 2002.

P L Rowe
Director

SITEMASTER LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2002

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings & equipment	25% Straight Line
Motor vehicles	25% Reducing Balance

1.5 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.6 Stock and work in progress

Work in progress is valued at the lower of cost and net realisable value.

1.7 Deferred taxation

The accounting policy in respect of deferred tax has been changed to reflect the requirements of FRS19 - Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

No provision has been made for deferred tax on gains recognised on revaluing property to its market value as the company does not intend to sell the revalued assets.

The above amounts to a change in accounting policy. The previous policy was to provide deferred tax only to the extent that it was probable that liabilities would crystallise in the foreseeable future.

The adoption of the standard has not required a prior period adjustment. If the new policy had been in place in the previous period no asset or liability would have been recognised as the conditions for recognition would not have been satisfied.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

Revenue is recognised on exchange of contract.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2002

3 Operating profit	2002 £	2001 £
Operating profit is stated after charging:		
Depreciation of tangible assets	4,414	3,718
Auditors' remuneration	-	17,000

All auditors' remuneration has been included in the group accounts.

4 Interest payable	2002 £	2001 £
On bank loans and overdrafts	888,144	313,751
On other loans wholly repayable within 5 years	101,250	-
Hire purchase interest	-	313
On overdue tax	101	140
	989,495	314,204

5 Taxation	2002 £	2001 £
Domestic current year tax		
U.K. corporation tax	11,847	-
Current tax charge	11,847	-
Factors affecting the tax charge for the year		
Profit/(loss) on ordinary activities before taxation	192,929	(124,097)
Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.00% (2001 : 0.00%)	38,586	-
Effects of:		
Depreciation	883	-
Capital allowances	(1,432)	-
Tax losses utilised	(26,190)	-
	(26,739)	-
Current tax charge	11,847	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2002

6 Tangible fixed assets

	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£
Cost			
At 1 April 2001	3,588	20,930	24,518
Additions	8,205	-	8,205
At 31 March 2002	11,793	20,930	32,723
Depreciation			
At 1 April 2001	897	12,468	13,365
Charge for the year	2,298	2,116	4,414
At 31 March 2002	3,195	14,584	17,779
Net book value			
At 31 March 2002	8,598	6,346	14,944
At 31 March 2001	2,691	8,462	11,153

7 Work in progress

	2002	2001
	£	£
Work in progress	12,316,226	12,371,888

8 Debtors

	2002	2001
	£	£
Trade debtors	2,925,000	-
Other debtors	24,879	1,035,859
	2,949,879	1,035,859

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2002

9 Creditors: amounts falling due within one year	2002 £	2001 £
Bank loans and overdrafts	13,348,173	11,835,095
Amounts owed to parent and fellow subsidiary undertakings	84,296	-
Corporation tax	11,847	-
Other creditors	1,607,275	1,720,780
Accruals and deferred income	123,250	27,000
	15,174,841	13,582,875

The bank loans are secured by first legal mortgages over the properties included as work in progress. The other loans are not secured.

10 Share capital	2002 £	2001 £
Authorised		
50,000 Ordinary shares of £ 1 each	50,000	50,000
Allotted, called up and fully paid		
50,000 Ordinary shares of £ 1 each	50,000	50,000

11 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 April 2001	(122,181)
Retained profit for the year	181,082
Balance at 31 March 2002	58,901

12 Reconciliation of movements in shareholders' funds	2002 £	2001 £
Profit/(Loss) for the financial year	181,082	(124,097)
Opening shareholders' funds	(72,181)	51,916
Closing shareholders' funds	108,901	(72,181)

13 Employees

Number of employees
There were no employees during the year apart from the director.

14 Control

Since its acquisition the ultimate parent company has been Propan Homes Plc. Previously the company was privately held.

Since the aquisition of Sitemaster Limited by Propan Homes Plc, the ultimate controlling party has been House and Property Venture Capital.

15 Related party transactions

On 8 March 2002, Propan Homes PLC, a company registered in England and Wales, acquired 100% of the ordinary share capital of Sitemaster Limited. At the time of the acquisition T J Negus and J Dubois, directors of Propan Homes PLC, owned 36.4% and 39.5% respectively, of the share capital of Sitemaster Limited. Prior to the acquisition C C Johnson, Chief Executive of Propan Homes PLC, may have been deemed to be a shadow director of the company.

On 15 March 2002 following its acquisition by Propan Homes PLC, Sitemaster Limited sold for £3,000,000 its property at Caistor, Lincolnshire, to Latchfield Investments Limited, a company registered in England and Wales, which is controlled by Keith Strudley, a former director of Sitemaster Limited. At 31 March 2002 the amount owed by Latchfield Investments Limited to Sitemaster Limited was £2,925,000.

During the year Propan Properties Limited, a fellow subsidiary undertaking of Propan Homes PLC, received from Sitemaster Limited, project management and profit shares from contracts undertaken prior to the acquisition in the amount of £700,000 (2001: £500,000).

Included within purchases in the year ended 31 March 2001 is a residential property development project, which had previously been subject to a development joint venture agreement between Propan Properties Limited and the Company. The development project acquired by Propan Properties Limited for £2,400,000 had previously been sold to the Company in the year ended 31 March 2000 for £1,500,000. This joint venture development resulted in a profit share of £500,000 in the year ended 31 March 2001. The development joint venture agreement between the two companies terminated on the acquisition of the development project by Propan Properties Limited, which is now sole owner and developer of the site.

Propan Properties Limited and the Company have entered into a joint development agreement in respect of a further residential site which was sold by Propan Properties Limited to Sitemaster Limited for £2,000,000 during the year ended 31 March 2001.

At 31 March 2002 the Company owed Propan Properties Limited £84,296 (2001: owed to Sitemaster Limited £1,034,084).

At 31 March 2002 Sitemaster Limited held properties in trust for Propan Properties Limited to the value of £120,000 (2001: £673,000).

At 31 March 2002 C C Johnson, J Dubois and T J Negus loaned funds on a commercial basis to the Company. The balances outstanding at 31 March 2002 are £824,362 (2001: £571,485), £483,750 (2001: £450,000) and £407,566 (2001: £400,000) respectively. During the year interest was charged on these loans at a rate of 15% in the amount of £101,250.

Under the terms of a joint venture agreement dated 15 August 2000, C C Johnson was entitled to a 25% profit share on the disposal of one of the properties. Prior to the acquisition a settlement was reached and C C Johnson was paid £800,000 in full and final settlement of this profit share. This amount was deemed to have been paid on the credit to his loan account.

During the year ended 31 March 2002 Propan Properties Limited were repaid an amount of £337,808 which had been owed by C C Johnson (2001: Propan Properties Limited repaid £201,750 owed to C C Johnson by Sitemaster Limited) in consideration for a increase/reduction of amounts owed by Propan Properties Limited to Sitemaster Limited of a similar amount.