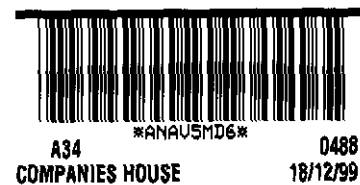


Ellmer Homes Limited
Financial Statements
for the year ended 31st May 1999



Company No. 3423607 Registered in England and Wales

Ellmer Homes Limited

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Ellmer Homes Limited

Company Information

Directors: John Joseph Byrne, Esq.
Peter Dwight, Esq.
Gary Martyn Hull, Esq.
Anthony Martin Dowle, Esq.
Patrick Anthony Byrne, Esq. (appointed on 9th December 1999)

Secretary: Patrick Anthony Byrne, Esq.

Registered Office: 15 White Hart Lane
Barnes
London
SW13 0PX

Company Number: 3423607

Auditors: Riordan O'Sullivan & Co.
Chartered Certified Accountants
Registered Auditors
40 Chamberlayne Road
London
NW10 3JE

Bankers: Allied Irish Bank (GB)
14 Neeld Parade
Wembley Hill Road
Wembley
Middlesex
HA9 6SW

Solicitors: Rowley Ashworth
247 The Broadway
Wimbledon
London
SW19 1SE

Ellmer Homes Limited

Report of the directors

for the year ended 31st May 1999

The directors present their report and the financial statements for the company for the year ended 31st May 1999.

Statement of directors' responsibilities

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:

- select suitable accounting policies and then apply them consistently;
- make judgments 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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.

Principal activity

The company's principal activity continues to be that of property development.

Business review

The company made a satisfactory operating profit of £48,620 in the year.

Since the year end the company has successfully completed its developments in hand, realised sales and repaid its inter-company debt substantially.

Future prospects

The company has built good relationships with agents and prospective vendors both locally and in neighbouring counties, which has resulted in increased development opportunities for the future.

As a result of our investment in land for development and various other projects currently in progress, we envisage good results for the year to 31st May 2000.

Year 2000

The directors have assessed the risks to the business resulting from the change to the year 2000 and estimate that the company will not incur any costs directly. We have also assessed the possibility of year 2000 related failures in our significant customers and suppliers, all of whom inform us that they are already dealing with the problem.

Ellmer Homes Limited
Report of the directors (continued)
for the year ended 31st May 1999

Directors and their interests

The directors during the year and at the balance sheet date and their interests in shares are set out below:

<u>Director</u>	<u>Interest in £1 ordinary shares</u> <u>1st June 1998 and 31st May 1999</u>
J. J. Byrne, Esq.	-
P. Dwight, Esq.	-
G. M. Hull, Esq.	-
A. M. Dowle, Esq.	-

P. A. Byrne, Esq., who was appointed a director on 9th December 1999, and J. J. Byrne, Esq. jointly hold 100% of the issued share capital of Byrne Group plc., which is the ultimate holding company of Ellmer Homes Limited. By virtue of these shareholdings, P. A. Byrne Esq. and J. J. Byrne Esq., have beneficial interest in the entire share capital of this company.

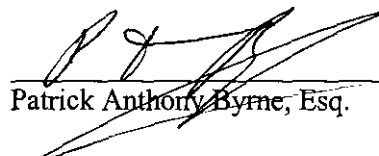
Close company status

The company is a close company within the provisions of the Income and Corporation Tax Act 1988.

Auditors

The auditors have expressed their willingness to continue as auditors and will be proposed for reappointment in accordance with S.385 of the Companies Act 1985.

This report was approved by the board on 16th December 1999 and signed on its behalf.



Patrick Anthony Byrne, Esq. Director

Auditors' Report to the Shareholders
of Ellmer Homes Limited

We have audited the financial statements on pages 5 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 2, 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 an 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 consider 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 31st May 1999 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.



Riordan O'Sullivan & Co.

Chartered Certified Accountants
Registered Auditors
40 Chamberlayne Road
London
NW10 3JE

16th December 1999

Ellmer Homes Limited
Profit and Loss Account
for the year to 31st May 1999

	<u>Notes</u>	<u>1999</u> <u>£</u>	<u>1998</u> <u>£</u>
Turnover	2	404,200	2,563,700
Cost of sales		(352,656)	(2,471,093)
Gross profit		<u>51,544</u>	<u>92,607</u>
Administrative expenses		(2,924)	(68,500)
Operating profit on ordinary activities before taxation		48,620	24,107
Taxation	3	(10,930)	(5,062)
Retained profit for the year		<u>37,690</u>	<u>19,045</u>
Retained profit brought forward		19,045	-
Retained profit carried forward		<u><u>56,735</u></u>	<u><u>19,045</u></u>

All of the above results were derived from operations that are continuing.

Statement of total recognised gains and losses

There were no recognised gains or losses other than the profit for the above financial year.

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

Ellmer Homes Limited

Balance Sheet as at 31st May 1999

	<u>Notes</u>	<u>1999</u> <u>£</u>	<u>1998</u> <u>£</u>
Current assets			
Stocks	4	5,127,944	581,700
Debtors	6	9,955	186,550
Cast at bank		9,406	-
		<u>5,147,305</u>	<u>768,250</u>
Creditors: -amounts falling due within one year	7	<u>(5,090,470)</u>	<u>(749,105)</u>
Net current assets		<u>56,835</u>	<u>19,145</u>
Net assets		<u><u>56,835</u></u>	<u><u>19,145</u></u>
 Capital and reserves			
Called up share capital	8	100	100
Profit and loss account		<u>56,735</u>	<u>19,045</u>
Shareholders' funds - all equity	11	<u><u>56,835</u></u>	<u><u>19,145</u></u>

Approved by the board on 16th December 1999
and signed on its behalf by:



Patrick Anthony Byrne, Esq. Director



Peter Dwight, Esq. Director

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

Ellmer Homes Limited
Cash Flow Statement
for the year ended 31st May 1999

	<u>Notes</u>	<u>1999</u>	<u>1998</u>
		£	£
Reconciliation of operating profit to net cash inflow/(outflow) from operating activities			
Operating profit		48,620	24,107
Increase in stocks		(4,546,244)	(581,700)
Decrease/(increase) in debtors		176,595	(186,550)
Increase in creditors		4,335,497	744,043
Net cash inflow/(outflow) from operating activities		14,468	(100)
Returns on investments and servicing of finance		-	-
Taxation		(5,062)	-
Capital expenditure and financial investment		-	-
Financing			
Issue of ordinary shares		-	100
Increase in cash	9	<u><u>9,406</u></u>	<u><u>-</u></u>

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

Ellmer Homes Limited
Notes to the Financial Statements
for the year ended 31st May 1999

1. Accounting policies

Basis of preparation of financial statements:

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

Stocks:

Stocks are stated at the lower of cost and net realisable value as follows:

Development land	-	lower of cost and net realisable value
Completed developments	-	lower of cost and net realisable value
Work in progress	-	cost of direct materials, labour and attributable overheads

Deferred taxation:

Full provision is made under the liability method in respect of timing differences which are expected to reverse in the foreseeable future.

2. Turnover

Turnover represents the sale of developments, exclusive of value added tax. All sales were made in the United Kingdom.

	<u>1999</u>	<u>1998</u>
	<u>£</u>	<u>£</u>

3. Taxation

Tax on profits on ordinary activities:

UK corporation tax at marginal rates (1998: 21%)	<u>10,930</u>	<u>5,062</u>
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4. Stocks

	<u>£</u>	<u>£</u>
Development land	2,366,877	177,500
Completed developments	636,493	404,200
Work in progress	2,124,574	-
	<u>5,127,944</u>	<u>581,700</u>

A number of developments were nearing completion at the year end. Since the balance sheet date, sales revenue of £3,167,000 has been generated from developments that have been completed.

for the year ended 31st May 1999

	<u>1999</u>	<u>1998</u>
	<u>£</u>	<u>£</u>
5. Additional information to the profit and loss account		
(a) Operating profit for the year was arrived at after charging:		
Auditors' remuneration - audit	<u>1,000</u>	<u>1,000</u>
- other services	<u>1,000</u>	<u>-</u>
(b) Particulars of employees:		
(i) The average number of employees during the year was:	<u>No.</u>	<u>No.</u>
Directors	<u>5</u>	<u>5</u>
(ii) Emoluments of directors:		
The directors did not receive any remuneration during the period under review.		
6. Debtors	<u>£</u>	<u>£</u>
Trade debtors	-	186,450
Amounts owed by group undertakings	1,272	100
Other debtors	8,683	-
	<u>9,955</u>	<u>186,550</u>
7. Creditors: amounts falling due within one year		<u>£</u>
Trade creditors	29,465	-
Amounts due to group undertaking	5,048,075	743,043
Accruals and deferred income	2,000	1,000
Corporation tax	10,930	5,062
	<u>5,090,470</u>	<u>749,105</u>
At 31st May 1999 £5,048,075 was owed to F.B. Ellmer Limited, a fellow subsidiary. However, on 30th November 1999 this balance had been reduced to £2,389,141 because the company had successfully completed its developments in hand, realised sales and repaid its debt substantially.		
8. Called up share capital	<u>1999</u>	<u>1998</u>
	<u>£</u>	<u>£</u>
<u>Authorised:</u>		
Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>
<u>Called up, allotted and fully paid:</u>		
Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Ellmer Homes Limited

Notes to the Financial Statements

for the year ended 31st May 1999

9. Reconciliation of net cashflow to movement in net debt	<u>1999</u> £	<u>1998</u> £
Increase in cash in the period	9,406	-
Change in net debt	9,406	-
Net debt at 1st June 1998	-	-
Net debt at 31st May 1999	<u>9,406</u>	<u>-</u>

10. Analysis of changes in net debt

	<u>Balance</u> <u>1.6.1998</u> £	<u>Cashflows</u> £	<u>Balance</u> <u>31.5.1999</u> £
Cash at bank	<u>-</u>	<u>9,406</u>	<u>9,406</u>

11. Reconciliation of movement on shareholders' funds	<u>1999</u> £	<u>1998</u> £
Opening shareholders' funds	19,145	-
New shares issued in the year	-	100
Profit for the year	37,690	19,045
Closing shareholders' funds	<u>56,835</u>	<u>19,145</u>

12. Post balance sheet events

There were no events since the year end which materially affected the company.

13. Related party transactions

At 31st May 1999 the company owed £5,048,075 (1998: £743,043) to F.B. Ellmer Limited, a fellow subsidiary; however, at 30th November 1999 the balance outstanding was £2,389,141.

At 31st May 1999 the company was owed £1,172 (1998: £Nil) by Byrne Bros. (Formwork) Limited, a fellow subsidiary.

14. Ultimate parent undertaking and controllers

In the opinion of the directors Byrne Group Plc is the company's ultimate parent undertaking and Messrs. P.A. Byrne and J.J. Byrne who control 100% of the shares of Byrne Group Plc are the company's ultimate controllers.