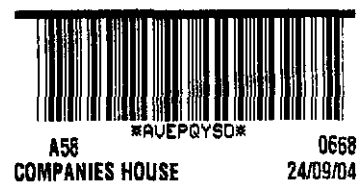


Masshouse Developments Limited
(Formerly known as Ever 1973 Limited)

Directors' report and financial statements
for the 13 month 7 day period ended 31 December 2003

Registered Number: 4599607



Masshouse Developments Limited
(formerly known as Ever 1973 Limited)

Directors' report and financial statements

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Masshouse Developments Limited
(formerly known as Ever 1973 Limited)

Directors' report

The directors present their first report and the audited financial statements for the 13 month 7 day period ended 31 December 2003.

Principal activities

The company is involved in the development of a site in Birmingham that is currently being run as a temporary car park.

Business Review

The company's profit for the period after taxation amounted to £5,437.

Date of incorporation

Ever 1973 Limited was incorporated under the Companies Act 1985 as a private limited company on 25 November 2002.

Change of name

On the 21 January 2003, Ever 1973 Limited changed its name to David McLean Masshouse Developments Limited. On 16 February 2004, the company then changed its name to Masshouse Developments Limited.

Dividend and transfer to reserves

The directors do not recommend the payment of a dividend.

Retained profit transferred to reserves amounted to £5,437.

Directors and directors' interests

The directors who held office during the period were as follows:

Ever Director Ltd	(appointed 25 November 2002, resigned 21 January 2003)
B I M Turnbull	(appointed 19 December 2003)
A D Middleton	(appointed 19 December 2003)
J E Kendrick	(appointed 21 January 2003)
N S Payne	(appointed 19 December 2003)
J M Rowney	(appointed 19 December 2003)
S C Sanders	(appointed 19 December 2003)
R A Elliot	(appointed 19 December 2003)
W M McNamee	(appointed 21 January 2003, resigned 17 August 2004)
F P Reil	(appointed 17 August 2004)

None of the directors held any of the ordinary shares of the company.

Masshouse Developments Limited
(formerly known as Ever 1973 Limited)

Directors' report (continued)

Directors' responsibility statement

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 as at the period end and of the profit or loss for that period. In preparing those 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;
- 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 Companies Act 1985. They have general responsibility 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.

Auditors

The Board of Directors appointed KPMG LLP as first auditors of the company under section 385(3) of the Companies Act 1985.

In accordance with Section 384 of the Companies Act 1985, a resolution for the reappointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



S P Garnett
Secretary

Enterprise House
28 Parkway
Deeside Industrial Park
Deeside
Flintshire
CH5 2NS

Report of the independent auditors to the members of Masshouse Developments Limited (formerly known as Ever 1973 Limited)

We have audited the financial statements on pages 5 to 9.

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 auditor's 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 the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. We also report to you 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.

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 group'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 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 December 2003, and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditors

Manchester

24 September 2004

Masshouse Developments Limited
(formerly known as Ever 1973 Limited)

Profit and loss account

for the period ended 31.12.03

	Note	2003 £
Turnover (from continuing operations)		23,323
Cost of sales	2	(14,556)
Gross profit		8,767
Administrative expenses		(1,000)
Profit on ordinary activities before taxation	2-4	7,767
Tax on profit on ordinary activities	5	(2,330)
Retained Profit		<u>5,437</u>

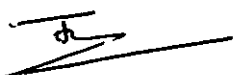
Balance sheet

at 31.12.03

	Note	£	2003 £
Current assets			
Stocks	6	6,901,070	
Debtors	7	35,117	
		6,936,187	
Creditors: amounts falling due within one year	8	(256,877)	
Net current assets			6,679,310
Creditors: amounts falling due after more than one year	9		(6,673,869)
Net assets			<u>5,441</u>
Capital and reserves			
Called up share capital	10		4
Profit and loss account			5,437
Equity shareholders funds'	11		<u>5,441</u>

These financial statements were approved by the board of directors on 23/9/04 and were signed on its behalf by:

John Kendrick
Director



The notes on pages 7 to 9 form part of these financial statements.

Masshouse Developments Limited
(formerly known as Ever 1973 Limited)

Statement of total recognised gains and losses
for the period ended 31.12.03

	2003 £
Result for the financial period	5,437
Total recognised gains and losses relating to the period	5,437

Note of historical cost profits and losses
for the period ended 31.12.03

	2003 £
Profit on ordinary activities before taxation	7,767
Historical cost profit on ordinary activities before taxation	7,767
Historical cost profit on ordinary activities after taxation	5,437

Masshouse Developments Limited
(formerly known as Ever 1973 Limited)

Notes

forming part of the financial statements

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

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

Under FRS1 (revised 1996) the company is exempt from the requirement to prepare a cashflow statement on the grounds of its size.

Stocks

Stocks are stated at the lower of cost and net realisable value which includes capitalised interest.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Except where otherwise required by accounting standards, full provision without discounting is made for all timing differences, which have arisen but not reversed at the balance sheet date.

Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the period from the temporary car park.

2. Analysis of turnover and profit on ordinary activities before interest and taxation.

	2003 Turnover £	2003 Profit before interest and tax £
Temporary car park	23,323	7,767

All the activity is in the UK.

3 Profit on ordinary activities before taxation

Profit on ordinary activity before taxation is stated after charging.

	2003 £
Audit	1,000

4 Remuneration of directors

None of the directors received any remuneration during the period from the company.
The company does not employ any staff.

5 Taxation

Taxation has been charged as follows:

2003
£

Analysis of charge in period

Current tax

UK Corporation tax at 30% on profits in the period

2,330

6 Stocks

2003
£

Work in progress

6,901,070

7 Debtors

2003
£

Amounts falling due within one year

Amounts owed by Joint Venture Partners

4

Other debtors

35,113

35,117

8 Creditors: amounts falling due within one year

2003
£

Trade creditors

146,263

Accruals and deferred income

108,824

254,547

9 Creditors: amounts falling due in greater than one year

2003
£

Loan Stock repayable in more than 5 years

6,673,869

During the period, the company issued £5,561,556 non interest bearing secured subordinated loan notes and £1,112,313 non interest bearing deferred subordinated loan notes at nominal value. These loans will be repayable in full on 31 December 2010 and are secured against the stocks and work in progress, held in the company.

10 Called up share capital

	2003 £
<i>Authorised</i>	
500 A Ordinary shares of £1 each	500
500 B Ordinary shares of £1 each	500
	1,000
<i>Allotted and called up</i>	2
2 A Ordinary shares of £1 each	2
2 B Ordinary shares of £1 each	4

During the period 2 A ordinary shares and 2 B ordinary shares of £1 nominal value were issued.

Every member has one vote for every share of which he is the holder, except that neither class of share can vote for the removal of a director, without prior consultation with the other class. The members of each type of share can appoint four directors of each. The A and B shares in all other respects are identical and rank *pari passu*.

11 Reconciliation of movements in Shareholders' funds

	2003 £
Result for the financial period	5,437
Issues of shares	4
	5,441

12 Related Party Transactions

During the period £6,673,869 of work-in progress was transferred to Masshouse Developments Ltd from David McLean Developments Ltd, (a subsidiary of David McLean (Holdings) Ltd one of the joint venture partners).

The balance owing to David McLean Developments was subsequently repaid in full from the issue of loan notes of the equivalent value being £2,780,778 to David McLean Nikal Limited and £3,893,091 to KUC Properties Limited (see note 9).

The amount owed by Joint Venture Partners comprise

David McLean Nikal Limited	2
KUC Properties Limited	2

13 Parent Companies

The company is 50% owned by David McLean Nikal Limited (incorporated in Great Britain and registered in England and Wales) and 50% by KUC Properties Limited (incorporated in Great Britain and registered in Scotland) A copy of the Financial statements can be obtained from the company secretary at the Registered Office.