

Alfred McAlpine Capital Projects Holdings Limited

Registered Number:- 961738

**Registered in England and Wales
Directors' Report and Accounts
For the Year Ended 31 December 2002**



Alfred McAlpine Capital Projects Holdings Limited

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Alfred McAlpine Capital Projects Holdings Limited

Report of Directors

The directors present their annual report and the accounts for the year ended 31 December 2002.

Principal Activity

The company did not trade during the year, and there are no plans for it to re-commence trading in the foreseeable future. It acts as the holding company of the Capital Projects business of Alfred McAlpine PLC.

Dividends

The directors have declared a final dividend of £3,414,000 (2001 - £Nil).

Directors and their Interests

The directors who held office during the year and subsequently were as follows:

AM Nominees Limited
G O Whitehead
M D Swan
J Hume
M Greenwood

The interests of the directors in the shares of the company are shown in note 2 to the accounts.

The directors at 31 December 2002 had no interest in the shares of Alfred McAlpine PLC, the ultimate holding company.

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 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; and
- 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 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.

Alfred McAlpine Capital Projects Holdings Limited

Auditors

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 1st January 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By Order of the Board



Mark Greenwood
Director

Date 29/10/03

Alfred McAlpine Capital Projects Holdings Limited

Independent auditors' report to the members of Alfred McAlpine Capital Projects Holdings Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Report of the Directors.

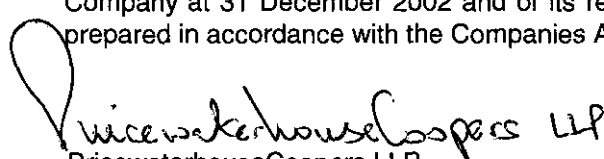
Basis of audit opinion

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 affairs of the Company at 31 December 2002 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

Date

29/10/03

Alfred McAlpine Capital Projects Holdings Limited
Profit and loss account for the year ended 31 December 2002

| | <i>Note</i> | 2002 £000 | 2001 £000 |
|--|-------------|--------------|--------------|
| Income from shares in subsidiaries | 3 | 3,414 | - |
| Profit on ordinary activities before taxation | | 3,414 | - |
| Dividends paid | 3 | (3,414) | - |
| Transfer to reserves | 8 | - | - |

There are no recognised gains or losses apart from those recognised above.

Alfred McAlpine Capital Projects Holdings Limited

Balance Sheet At 31 December 2002

| | <i>Note</i> | 2002 £000 | 2001 £000 |
|--|-------------|----------------|----------------|
| Fixed Assets | | | |
| Investments | 4 | 165,542 | 165,542 |
| Current Assets | | | |
| Debtors | 5 | 3,514 | 100 |
| Creditors: amounts falling due within one year | 6 | (3,414) | - |
| Net current assets | | 100 | 100 |
| Total Assets less current liabilities | | 165,642 | 165,642 |
| Capital and reserves | | | |
| Called up share capital | 7 | 165,642 | 165,642 |
| Shareholders' funds | 8 | 165,642 | 165,642 |
| Analysis of shareholders' funds: | | | |
| Equity shareholders' funds | | 100 | 100 |
| Non-equity shareholders' funds | | 165,542 | 165,542 |
| Total shareholders' funds | | 165,642 | 165,642 |

These accounts were approved by the board by the directors on
and signed on its behalf by:

29/6/03



Mark Greenwood
Director

Alfred McAlpine Capital Projects Holdings Limited

Notes To The Accounts For The Year Ended 31 December 2002

1 Accounting Policies

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

Investments are stated at cost unless in the opinion of the directors there is an impairment in value in which case they are shown net of any provision for such impairment.

2 Directors and Employees

- (a) The directors received no remuneration from the company during the year (2001: £Nil).
- (b) There were no employees during the year (2001: Nil).
- (c) The directors had no interest in the share capital of Alfred McAlpine PLC at 31 December 2002.
- (d) The share interest of M D Swan, J Hume and G O Whitehead in Alfred McAlpine PLC are shown in the notes to the financial statements of that company

Interests as at 31 December Directors held options and awards over shares in the ultimate parent Alfred McAlpine PLC undertaking as follows:

Alfred McAlpine PLC restricted share plan

Under terms of the Plan the Remuneration Committee of Alfred McAlpine PLC grants awards of restricted shares in Alfred McAlpine PLC to key executives. The shares may be released if Alfred McAlpine PLC achieves specified performance criteria and the executive remains in the Group's employment. The maximum value of the initial share awards that may be made to a participant in any year may not exceed 50% of salary. In addition, the vesting of the awards of shares may be deferred and held in the Alfred McAlpine Employee Benefit Trust for a further three years and subject to the achievement of a further performance target, become eligible to be matched on a one for one basis.

Further details on the Plan and the performance criteria used can be found in the Report and Accounts of Alfred McAlpine PLC.

| Name of Director | Date of Award of Initial Shares | 01.01.02 | | Award of Initial Award Shares during the year | Awards of Exceptional Performance Shares during the year | Awards released vested during the year | 31/12/02 | | Exceptional Performance shares as at 31/12/02 |
|------------------|---------------------------------|----------------------|------------------------|---|--|--|----------------------|------------------------|---|
| | | Initial Award Shares | Deferred Award Shares* | | | | Initial Share Awards | Deferred Award Shares* | |
| | | | | | | | | | |
| M Greenwood | 12.04.99 | 10,000 | 15,000 | | 5,000 | | 10,000 | 15,000 | |
| | 27.04.00 | 17,500 | | | | | 17,500 | | |
| | 22.03.01 | 15,152 | | | | | 15,152 | | |
| | 23.04.02 | | | 13,185 | | | 13,185 | | |
| Total | | 42,652 | 15,000 | 13,185 | 5,000 | | 55,837 | 15,000 | 5,000 |

*These deferred vesting awards are eligible to be matched in accordance with the rules of the Restricted Share Plan

Alfred McAlpine Capital Projects Holdings Limited

Notes To The Accounts For The Year Ended 31 December 2002

Directors and Employees (continued)

Alfred McAlpine PLC executive share option scheme 1991

| Date of Grant | 12 Apr 95 | 29 Oct 97 | 13 May 98 | Total |
|----------------------|-----------|-----------|-----------|--------|
| Option Price (pence) | 147.0p | 134.50p | 158.5p | |
| M Greenwood | 10,000 | 10,000 | 10,000- | 30,000 |

Subject to Alfred McAlpine achieving specific performance targets, options issued at no consideration under the terms of the 1991 Executive Share Option Scheme and are ordinarily exercisable between three and ten years from their date of grant.

3 Profit and Loss Account

During the financial year and the preceding financial year the company did not trade but acted as the holding company for the Capital Projects business of Alfred McAlpine PLC. Dividends receivable of £3,414,000 (2001: £nil) were matched by dividends payable and no profit was transferred to reserves (2001: £nil).

4 Fixed Assets - Investments

| | 2002 £000 | 2001 £000 |
|--------------------------------------|--------------|--------------|
| Unlisted investments in subsidiaries | | |
| As at 1 January | 165,542 | - |
| Acquired in the year | - | 165,542 |
| As at 31 December | 165,542 | 165,542 |

| Name of subsidiary | % equity and voting rights held | Principal activities |
|--|---------------------------------|---|
| Alfred McAlpine Construction Limited | 100% | Civil engineering and special projects |
| Alfred McAlpine Developments Limited | 100% | Development services to the construction industry |
| Alfred McAlpine Capital Projects Limited | 100% | Civil engineering and special projects |

5 Debtors

| | 2002 £000 | 2001 £000 |
|------------------------------------|--------------|--------------|
| Amounts owed by group undertakings | 3,514 | 100 |

Alfred McAlpine Capital Projects Holdings Limited

Notes To The Accounts For The Year Ended 31 December 2002

6 Creditors: amounts falling due within one year

| | 2002 £000 | 2001 £000 |
|------------------|--------------|--------------|
| Dividend payable | 3,414 | - |

7 Share Capital

| | 2002 £000 | 2001 £000 |
|--|----------------|----------------|
| Authorised: | | |
| Ordinary shares of £1 each | 250 | 250 |
| Redeemable Preference shares of £1 each | 200,000 | 200,000 |
| | <u>200,250</u> | <u>200,250</u> |
| Allotted, called up and fully paid: | | |
| Ordinary shares of £1 each | 100 | 100 |
| Redeemable Preference shares of £1 each | 165,542 | 165,542 |
| | <u>165,642</u> | <u>165,642</u> |

The Redeemable Preference Shares carry no right to dividends nor to participation in the Company's profits or assets. They carry no voting rights but have the right to be redeemed for their paid up value at any time that the company gives written notice. In the event of a return of capital (other than via a redemption) the preference shares rank above all other classes of share.

8 Reconciliation of Movements in Shareholders' Funds

| | 2002 £000 | 2001 £000 |
|---|----------------|----------------|
| Net proceeds of the issue of preference share capital | - | 165,542 |
| Net addition to shareholders' funds | - | 165,542 |
| Opening shareholders' funds | 165,642 | 100 |
| Closing shareholders' funds | <u>165,642</u> | <u>165,642</u> |

9 Related Party Transactions

The company has taken advantage of the provision in Financial Reporting Standard 8 Related Party Transactions exempting it from the requirement to disclose details of transactions with group entities.

10 Ultimate Parent Undertaking

Alfred McAlpine PLC is the ultimate parent undertaking of the largest group of undertakings for which accounts are drawn up and of which the company is a member. The directors consider Alfred McAlpine PLC to be the ultimate controlling party. Copies of the accounts of Alfred McAlpine PLC may be obtained from the Company Secretary, Alfred McAlpine PLC, Kinnaird House, 1 Pall Mall East, London, SW1Y 5AZ.