

SIR ROBERT McALPINE CONSTRUCTION MANAGEMENT LIMITED

REPORT AND FINANCIAL STATEMENTS

31 OCTOBER 2006



Registered in England and Wales No. 1141250

SIR ROBERT McALPINE CONSTRUCTION MANAGEMENT LIMITED

REPORT OF THE DIRECTORS

Directors	Malcolm H D McAlpine	
	The Hon Sir William H McAlpine, Bt	(resigned 30 October 2006)
	Ian M McAlpine MA	
	The Hon David M McAlpine	
	Cullum McAlpine	
	Richard H McAlpine	
	Andrew W McAlpine	
	A W Barratt FCIOB	
	D M Boyle	
	M J Collard C Eng , MICE	(resigned 31 March 2007)
	V Corrigan MRICS	
Secretary	P B Kelly B Sc , MICE	
	C B Weekley B Sc , C Eng , MICE	
	B R Cowen B Com , CA(SA)	(resigned 30 November 2005)
	R P Walker B A , FCCA	(appointed 30 November 2005)

The directors present their annual report and the audited financial statements for the year ended 31 October 2006

1 RESULTS

The profit for the year on ordinary activities after taxation was £3,494 (2005 loss of £1,294) During the year an interim dividend of £Nil (2005 £750,000) was declared and paid The retained profit has been added to the surplus brought forward of £37,656, giving a surplus of £41,150 to carry forward

The directors do not recommend the payment of a final dividend (2005 £Nil)

2 PRINCIPAL ACTIVITIES

The company is, and will continue to be, a civil engineering and building contractor, specialising in the management of construction projects

3 REVIEW OF THE BUSINESS

The directors have taken advantage of the special provisions available to small companies not to present a review of the business in accordance with S 234ZZB, Companies Act 1985

4 DIRECTORS

The Hon Sir William H McAlpine, Bt resigned as a director on 30 October 2006 M J Collard resigned as a director on 31 March 2007 The remaining directors, as set out above, served throughout the year and remain in office

The directors had no beneficial interests in the shares of this company, according to the register kept in accordance with S 325, Companies Act 1985

The directors are also directors of parent and ultimate parent companies and their interests in other group companies are shown in the Directors' Reports of the following companies -

Newarthill Limited	Malcolm H D McAlpine Ian M McAlpine MA The Hon David M McAlpine Cullum McAlpine
Sir Robert McAlpine (Holdings) Limited	Richard H McAlpine Andrew W McAlpine A W Barratt D M Boyle M J Collard V Corrigan P B Kelly C B Weekley

SIR ROBERT McALPINE CONSTRUCTION MANAGEMENT LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

5 DISCLOSURE OF INFORMATION TO AUDITORS

Each director, at the date of approval of this report, confirms that -

- so far as he is aware, there is no relevant audit information which has not been disclosed to the auditors, and
- he has taken the necessary steps to ensure that he is aware of all relevant information and that this has been communicated to the auditors

This information is given in accordance with S 234ZA of the Companies Act 1985

6 AUDITORS

In accordance with S 385, Companies Act 1985, a resolution to re-appoint Deloitte & Touche LLP as the company's auditors will be proposed at the forthcoming Annual General Meeting

By Order of the Board



R P Walker
Secretary

Registered Office
Eaton Court
Maylands Avenue
Hemel Hempstead
Herts
HP2 7TR

18th July 2007

SIR ROBERT McALPINE CONSTRUCTION MANAGEMENT LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 end of the financial year 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, 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 enable them to ensure that the financial statements comply with United Kingdom Generally Accepted Accounting Practice and the Companies Act 1985. They are also responsible for the company's system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SIR ROBERT McALPINE CONSTRUCTION MANAGEMENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SIR ROBERT McALPINE CONSTRUCTION MANAGEMENT LIMITED

We have audited the financial statements of Sir Robert McAlpine Construction Management Limited for the year ended 31 October 2006 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 policies 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

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

Basis of audit opinion

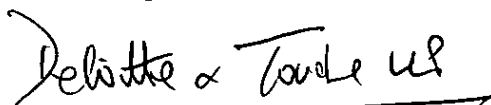
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 October 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

30 July 2007

SIR ROBERT McALPINE CONSTRUCTION MANAGEMENT LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 October 2006

	<u>Notes</u>	<u>2006</u>	<u>2005</u>
		£	£
Turnover - continuing operations	1	66,960	26,000
Cost of sales	1	(62,666)	(26,494)
Gross profit/(loss)		4,294	(494)
Administrative expenses			
Auditors' remuneration - audit fee - current year		(800)	(800)
Profit/(loss) on ordinary activities before taxation - continuing operations		3,494	(1,294)
Tax on profit/(loss) on ordinary activities	2	-	-
Profit/(loss) on ordinary activities after taxation	3	3,494	(1,294)
Interim dividend paid	3	-	(750,000)
Retained profit/(loss) for the financial year		3,494	(751,294)
Profit and loss account brought forward		37,656	788,950
Profit and loss account carried forward		41,150	37,656

There are no recognised gains or losses (2005 £Nil) other than the retained profit/(loss) for the financial year and therefore no statement of total recognised gains and losses is given

SIR ROBERT McALPINE CONSTRUCTION MANAGEMENT LIMITED

BALANCE SHEET AS AT 31 OCTOBER 2006

	<u>Note</u>	<u>2006</u>	<u>2005</u>
		£	£
CURRENT ASSETS			
Debtors			
Amounts recoverable on contracts due within one year		1,500	26,000
Amounts owed by immediate parent company		50,450	13,456
		<u>51,950</u>	<u>39,456</u>
CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR			
Accruals and deferred income		(9,800)	(800)
		<u> </u>	<u> </u>
NET ASSETS		<u>42,150</u>	<u>38,656</u>
CAPITAL AND RESERVES			
Called up share capital			
Authorised, allotted and fully paid			
1,000 Ordinary shares of £1 each		1,000	1,000
Profit and loss account		41,150	37,656
		<u> </u>	<u> </u>
EQUITY SHAREHOLDERS' FUNDS	3	<u>42,150</u>	<u>38,656</u>

These financial statements were approved by the Board of Directors on 19 July 2007

Signed on behalf of the Board of Directors

CULLUM McALPINE

DAVID M McALPINE

)
) Directors
)

SIR ROBERT McALPINE CONSTRUCTION MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 October 2006

1 ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable United Kingdom law and accounting standards. The particular policies adopted, which have been applied consistently in the current and prior years, are described below.

Accounting convention

The financial statements have been prepared under the historical cost convention.

Turnover

This comprises of fees, net of VAT, charged for the management of construction contracts. All turnover is generated within the United Kingdom.

Cost of sales

This is the direct cost of the work incurred by the company during the year and comprises of salaries and expenses.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Financial Reporting Standard No. 19, Deferred Tax, requires full provision for timing differences which have originated at the balance sheet date and which could give rise to an obligation to pay more or less tax in the future. Deferred tax assets are recognised to the extent that it is regarded more likely than not they will be recovered. Deferred tax assets and liabilities are not discounted.

Amounts recoverable on contracts

This represents amounts due on contracts in accordance with SSAP9, Stocks and Long-term Contracts.

2 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

There is no tax charge on the profit for the year (2005: £Nil).

Factors affecting the tax charge for the current year

	<u>2006</u> £	<u>2005</u> £
Profit/(loss) on ordinary activities before tax	3,494	(1,294)
United Kingdom Corporation Tax at 30% (2005: 30%)	1,048	(388)
Group relief not paid for	(1,348)	(5,012)
Transfer pricing adjustment	300	5,400
	<u>-</u>	<u>-</u>

There were no unrecognised deferred tax assets or liabilities (2005: £Nil).

SIR ROBERT McALPINE CONSTRUCTION MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 October 2006

3 RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	<u>2006</u> £	<u>2005</u> £
Profit/(loss) on ordinary activities after taxation	3,494	(1,294)
Interim dividend paid (2005 £750 per share)	-	(750,000)
Retained profit/(loss) for the financial year	<u>3,494</u>	<u>(751,294)</u>
Opening equity shareholders' funds	38,656	789,950
Closing equity shareholders' funds	<u>42,150</u>	<u>38,656</u>

4 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The company had no employees during the year (2005 None) and no emoluments were paid to the directors (2005 £Nil) in respect of their services to the company

5 CONTINGENT LIABILITIES

There were contingent liabilities in respect of completed and uncompleted contracts

It is impracticable to estimate the financial effect, timing or probability of payment in relation to these contingent liabilities

6 RELATED PARTY TRANSACTIONS

The company is a wholly owned subsidiary of the Newarthill Limited group of companies and has taken advantage of the exemption which is conferred by Financial Reporting Standard No 8, Related Party Disclosures, that allows it not to disclose transactions with group undertakings

7 ULTIMATE PARENT COMPANY

The immediate parent company is Sir Robert McAlpine Limited and the ultimate parent company is Newarthill Limited which is incorporated in Great Britain and registered in England and Wales Sir Robert McAlpine (Holdings) Limited, which is the immediate parent company of Sir Robert McAlpine Limited, represents the smallest company and Newarthill Limited represents the largest company to prepare consolidated accounts which include the results of this entity Copies of the group accounts can be obtained from Newarthill Limited, 40 Bernard Street, London WC1N 1LG The ultimate controlling party is The McAlpine Partnership Trust