

Marchwiel Investments Limited
(Registered Number: -1401298)

Directors' Report and Accounts

For the Year Ended 31 December 2005

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Marchwiel Investments Limited

Annual Report For The Year Ended 31 December 2005

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Marchwiel Investments Limited

Directors' Report For The Year Ended 31 December 2005

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2005.

Principal activity

The Company's principal activity during the year was to act as an intermediate parent Company.

Review of business and future developments

No change is anticipated to the principal activity in the foreseeable future.

Results and dividends

The profit for the year after taxation amounted to £265,000 (2004: £395,000). The Directors do not recommend the payment of a dividend (2004: £1,000,000).

Directors and their interest

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

AM Nominees Limited
AM Secretaries Limited
D Lavelle

The directors had no interest in the shares of the Company at any point during the year. The interest of Mr D Lavelle, who is also a director of the ultimate parent company, Alfred McAlpine plc, is shown in the annual report of that company. The other directors did not hold any interest in Alfred McAlpine plc at any point during the year.

Statement of Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently in the year as explained under note 1 'Principal accounting policies'. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2005 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and 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.

Marchwiel Investments Limited

Directors' Report For The Year Ended 31 December 2005 (Continued)

Financial risk management

The company's main financial risk relates to debtor and creditor balances with fellow subsidiaries of the ultimate parent, Alfred McAlpine plc, which has confirmed its continued financial support to all its subsidiaries.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the board



For and on behalf of
AM Secretaries Limited
Secretary

30 May 2006

Independent Auditors' Report To The Members Of Marchwiel Investments Limited

We have audited the financial statements of Marchwiel Investments Limited for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) 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 into 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 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 at 31 December 2005 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

30 May 2006

Marchwiel Investments Limited

Profit And Loss Account For The Year Ended 31 December 2005

	<i>Note</i>	2005 £'000	2004 £'000
Net foreign currency (loss)/gain		(77)	21
Other operating income		-	28
Operating loss	3	(77)	49
Interest receivable from group undertakings		2,137	1,980
Interest payable to group undertakings		(1,649)	(1,487)
Profit on ordinary activities before taxation		411	542
Taxation on profit on ordinary activities	4	(146)	(147)
Profit on ordinary activities after taxation		265	395
Dividends paid	5	-	(1,000)
Retained profit/(loss) for the financial year	10, 11	265	(605)

All activities of the Company were continuing. All other expenses of the Company were borne by the ultimate parent company (Note 3).

There are no differences between the result as stated in the profit and loss account and the historical cost result.

Statement Of Total Recognised Gains And Losses For The Year Ended 31 December 2005

	<i>Note</i>	2005 £'000	2004 £'000
Profit for the financial year		265	395
Revaluation of investments	6	1,210	(9)
Total recognised gains relating to the year		1,475	386

Marchwiel Investments Limited

Balance Sheet as at 31 December 2005

	<i>Note</i>	2005 £'000	2004 £'000
Fixed assets			
Investments	6	54,400	54,922
Current assets			
Debtors	7	47,118	44,980
Creditors: Amounts falling due within one year	8	(62,565)	(62,424)
Net current liabilities		(15,447)	(17,444)
Total assets less current liabilities		38,953	37,478
Capital and reserves			
Called up share capital	9	-	-
Revaluation reserve	10	38,593	37,383
Profit and loss reserve	10	360	95
Equity shareholders' funds	11	38,953	37,478

These financial statements, which comprise the profit and loss account, the balance sheet and the related notes, were approved by the Directors on 30 May 2006 and signed on their behalf by:



For and on behalf of
AM Nominees Limited
Director

Marchwiel Investments Limited

Notes To The Financial Statements For The Year Ended 31 December 2005

1 Accounting Policies

(a) Accounting convention

The accounts are prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards. The principal accounting policies are set out below.

(b) Statement of cash flows

A group statement of cash flows is contained in the accounts of the ultimate parent undertaking, Alfred McAlpine plc. Consequently, under the terms of FRS1 (revised) the Company is exempt from the requirement to prepare a cash flow statement.

(c) Investment in foreign subsidiary undertaking

Fixed asset investments in subsidiaries and associates are shown at cost less provision for impairment.

Differences arising in the retranslation of the investment in a foreign subsidiary undertaking and related net foreign currency borrowings are taken to reserves. When movements in the borrowings exceed the movement in the investment, the net difference is taken to the profit and loss account.

(d) Deferred taxation

Full provision is made at anticipated rates for taxation deferred as a result of accelerated capital allowances and short term timing differences.

2 Directors And Employees

- (a) None of the directors received any remuneration from the Company during the year (2004: £Nil).
- (b) There were no employees during the period (2004: Nil).
- (c) The directors have no interest in the shares of the Company at the year end (2004: Nil).
- (d) The Directors have no interest in the share capital of Alfred McAlpine plc at 31 December 2005 (2004: Nil)

3 Operating Profit

Auditors remuneration is met by the ultimate parent undertaking Alfred McAlpine plc.

Marchwiel Investments Limited

Notes To The Financial Statements For The Year Ended 31 December 2005

4 Taxation On Profit On Ordinary Activities

	2005 £'000	2004 £'000
Amount payable to fellow subsidiaries in respect of Group relief	146	148
Adjustment in respect of prior years	-	(1)
Total current tax charge	146	147
Deferred tax		
Deferred tax charge for the year	-	9
Adjustment in respect of prior years	-	(9)
Total deferred tax charge	-	-
Total tax charge	146	147

The current tax charge for the year is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2005 £'000	2004 £'000
Profit on ordinary activities before tax	411	542
Tax charge thereon at the standard rate of 30% (2004: 30%)	123	163
Effects of:		
Foreign exchange movements not taxable	23	(6)
Accelerated capital allowances and other timing differences	-	(9)
Adjustments to tax in respect of prior years	-	(1)
Current tax charge for the period	146	147

5 Dividends

	2005 £000	2004 £000
Final dividend paid of £10,000 per ordinary share	-	1,000

Marchwiel Investments Limited

Notes To The Financial Statements For The Year Ended 31 December 2005

6 Investments

	£'000
At 1 January 2005	54,922
Retranslation of foreign currency investments	(1,732)
Revaluation	1,210
<u>At 31 December 2005</u>	<u>54,400</u>

The Company owns 98% of the issued ordinary share capital of Alfred McAlpine BV, which is incorporated in the Netherlands.

Consolidated accounts have not been prepared as the results of Marchwiel Investments Limited are included in the consolidated accounts of its ultimate parent company, Alfred McAlpine plc. Consequently, the information presented relates solely to the Company as an individual undertaking and not to its group.

The historical cost of the investment is £11,234,000.

7 Debtors: Amounts due within one year

	2005 £'000	2004 £'000
Amounts owed by group undertakings	47,118	44,980

8 Creditors: Amounts falling due within one year

	2005 £'000	2004 £'000
Amounts owed to group undertakings	62,060	62,002
Amounts payable to fellow subsidiaries in respect of Group relief	294	209
Accruals and deferred income	211	213
	<u>62,565</u>	<u>62,424</u>

Marchwiel Investments Limited

Notes To The Financial Statements For The Year Ended 31 December 2005

9 Called Up Share Capital

	2005	2004
	£	£
Authorised, allotted and fully paid		
Ordinary shares of £1 each	100	100

10 Reserves

	Revaluation Reserve £'000	Profit and Loss account £'000
At 1 January 2005	37,383	95
Revaluation of investments	1,210	-
Retained profit for the year	-	265
At 31 December 2005	38,593	360

The revaluation reserve relates entirely to the revalued amount of the Company's investment in Alfred McAlpine B.V.

11 Reconciliation Of Movement In Equity Shareholders' Funds

	2005 £'000	2004 £'000
Opening shareholders' funds	37,478	38,092
Revaluation of investments	1,210	(9)
Profit/(loss) retained for the year	265	(605)
Closing shareholders' funds	38,953	37,478

Marchwiel Investments Limited

Notes To The Financial Statements For The Year Ended 31 December 2005

12 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.

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.

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.

The ultimate parent company has confirmed its intention to support its subsidiary companies to enable them to settle all inter-company receivables of the company for at least twelve months from the date of signing these financial statements.