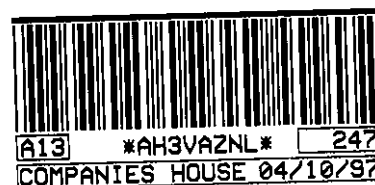


TARMAC CONSTRUCTION MAJOR PROJECTS (SCOTLAND) LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1996

(Registered in England, Number 2840336)



TARMAC CONSTRUCTION MAJOR PROJECTS (SCOTLAND) LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 1996.

Business review

The company did not trade during the year ended 31 December 1996, nor subsequently.

Directors and directors' interests

The directors serving during the year were :

G A I Waters (resigned 29 February 1996)
 E J Bridgewood
 E McEwan
 R W Robinson (appointed 1 January 1996)

The directors' interests in the share and loan capital of Tarmac PLC (other than where disclosed in the accounts of the holding company) were as follows :

| | Number of 50p ordinary shares | | | | Share option movements in year | | |
|----------------|-------------------------------|------------------|---------------|------------------|--------------------------------|----------------|--------|
| | At 31/12/96 | | At 01/01/96 | | Grant- ed | Exer- cised | Lapsed |
| | Fully Paid | Share Options | Fully Paid | Share Options | | | |
| E J Bridgewood | 1,865 | 91,900 | 1,865 | 91,900 | - | - | - |

No director had any beneficial interest in the share or loan capital of any subsidiary of Tarmac PLC.

Directors' responsibilities 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 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; 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 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.

Approved by the Board on 8 April 1997 and signed on its behalf by :



E McEwan
Secretary

Construction House
Wolverhampton
WV1 4HY

**REPORT OF THE AUDITORS TO THE MEMBERS OF
TARMAC CONSTRUCTION MAJOR PROJECTS (SCOTLAND) LIMITED**

We have audited the financial statements on pages 4 to 5.

Respective responsibilities of directors and auditors

As described on pages 1 and 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 examination, on a test basis, of evidence relevant to the amounts and disclosures in their 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 the company's affairs as at 31 December 1996 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc
Chartered Accountants
Registered Auditor
2 Cornwall Street
Birmingham

8 April 1997

TARMAC CONSTRUCTION MAJOR PROJECTS (SCOTLAND) LIMITED**BALANCE SHEET****AT 31 DECEMBER 1996**

| | 1996 £ | 1995 £ |
|--------------------------------------|------------------|------------------|
| Current assets | | |
| Debtors: | | |
| Amounts owed by holding company | <u>1,000</u> | <u>1,000</u> |
| Capital and reserves | | |
| Share capital: | | |
| Authorised: | | |
| 1,000,000 ordinary shares of £1 each | <u>1,000,000</u> | <u>1,000,000</u> |
| Allotted, called up and fully paid: | | |
| 1,000 ordinary shares of £1 each | <u>1,000</u> | <u>1,000</u> |

The company was dormant throughout the year ended 31 December 1996.

These financial statements were approved by the board of directors on 8 April 1997 and signed on its behalf by :



E J Bridgewood
Director

TARMAC CONSTRUCTION MAJOR PROJECTS (SCOTLAND) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 1996****1. Profit and loss account**

During the current year and preceding period the company did not trade and received no income and incurred no expenditure. Consequently, during those periods the company made neither a profit nor a loss.

2. The directors have neither received nor waived any remuneration.**3. Cash flow statement**

A cash flow statement has not been prepared as permitted by paragraph 8c of Financial Reporting Standard 1.

4. Holding companies

The company's immediate holding company is Tarmac Construction Limited whilst the company's ultimate holding company is Tarmac PLC, both of which are incorporated in Great Britain and registered in England and Wales.

Copies of the financial statements of Tarmac PLC are available from Construction House, Birch Street, Wolverhampton, WV1 4HY.