

Registered Company Number 196260

INTERSERVE PILING LIMITED

31st December 2005



INTERSERVE PILING LIMITED

REPORT OF THE DIRECTORS

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

ACTIVITIES

The principal activity of the company is the business of piling and foundation engineering and contracting.

REVIEW OF THE BUSINESS AND FUTURE PROSPECTS

In November 2003 the decision was taken for the company to cease to trade and to effect the closure of the company by disposing of the assets and settle all outstanding liabilities that were considered due and payable. All current contracts were to be completed but no further orders for new work were taken pursuant to this date.

During 2004 the company completed all outstanding contracts brought forward from 2003 and has in 2005 continued to settle many of the outstanding liabilities whilst actively pursuing debts due from old contracts.

RESULTS

The results of the company are set out in the profit and loss account on page 5.

The directors do not recommend the payment of a dividend (2004 - £Nil).

DIRECTORS

The directors are set out below:-

J H Vyse
D J Paterson

In accordance with the Articles of Association Mr J H Vyse retires by rotation at the next Annual General Meeting and, being eligible, offers himself for re-election.

None of the directors has any beneficial interest in the shares of the company.

REPORT OF THE DIRECTORS (continued)

DIRECTORS (continued)

The interests of the directors at 31st December 2005 in the capital of the ultimate parent undertaking, Interserve plc, are as stated below

	Shares of			Options over shares of 10p			Exercise Price	Market Price at	Exercise Period	
	10p each	each		Granted	Lapsed/ Exercised			Exercise	To	From
	01/01/05	31/12/05	01/01/05	in year	In year	31/12/05	pence	Date		
D J PATERSON	1,500	1,500	15,000	nil	nil	15,000	542.50	n/a	26-03-04	25-03-08
			15,000	nil	nil	15,000	346.00	n/a	14-06-03	13-06-07
			10,850	nil	10,850	-	360.10	n/a	07-10-01	06-10-05
			5,295	nil	nil	5,295	566.50	n/a	19-03-05	18-03-12
			4,705	nil	nil	4,705	566.50	n/a	19-03-05	18-03-09
			33,000	nil	nil	33,000	253.25	n/a	26-05-07	25-05-14
			-	32,561	Nil	32,561	359.33	n/a	14-03-08	13-03-15

The interests of Mr J H Vyse are disclosed in the financial statements of Interserve plc, the ultimate parent undertaking.

The market price of the shares at 31st December 2005 was 362p. The range of closing prices during the year was 325p to 371p.

The directors have no other interest in any other group undertaking (2004 - none).

POLICY ON PAYMENT OF CREDITORS

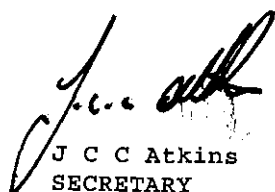
It is the Company's normal practice to agree payment terms with its suppliers. Payment is made when it can be confirmed that goods and/or services have been provided in accordance with the relevant contractual conditions. At 31st December 2005 and 2004 there were no trade creditors payable within 1 year due to the closure of the company.

AUDITORS

Resolutions will be proposed at the annual general meeting to reappoint Deloitte & Touche LLP as auditors to the company and to authorise the directors to fix their remuneration.

Interserve House
Ruscombe Park
Twyford
Reading
Berkshire
RG10 9JU

Approved by the Board of Directors on 4th July 2006
and signed on behalf of the Board by


J C C Atkins
SECRETARY

INTERSERVE PILING 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 and 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; 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 the 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.

INTERSERVE PILING LIMITED**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INTERSERVE PILING LTD**

We have audited the financial statements of Interserve Piling Limited for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheet and the related notes 1 to 19. 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 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 for the opinions we have formed.

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 United Kingdom law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom 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 in accordance with the relevant financial reporting framework, and are properly prepared in accordance with the Companies Act 1985. We also report 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.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 December 2005; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Birmingham

4 July 2006

INTERSERVE PILING LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st December 2005

	Note	2005 £000	2004 £000
TURNOVER	1(b), 2	-	1,034
Cost of sales		<u>-</u>	<u>(1,015)</u>
GROSS PROFIT		-	19
Administrative expenses	3	<u>-</u>	<u>(904)</u>
OPERATING LOSS	4	-	(885)
Interest receivable	7	-	4
Interest payable and similar charges	8	<u>-</u>	<u>(311)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		-	(1,192)
Tax charge on loss on ordinary activities	9	<u>-</u>	<u>(97)</u>
RETAINED LOSS FOR THE YEAR	14,18	<u>-</u> =====	<u>(1,289)</u> =====

All activities derive from discontinued activities.

There are no recognised gains and losses or movements in shareholders' deficit for the current or preceding financial year other than as stated in the profit and loss account. Accordingly, no statement of total recognised gains and losses is shown.

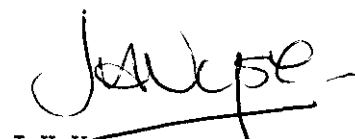
INTERSERVE PILING LIMITED

BALANCE SHEET AT 31st December 2005

	Note	£000	2005 £000	2004 £000
CURRENT ASSETS				
Debtors	10	407		590
Cash at bank and in hand		<u>1,326</u>		<u>1,675</u>
		<u>1,733</u>		<u>2,265</u>
CREDITORS FALLING DUE WITHIN ONE YEAR				
Trade creditors		-		-
Other creditors	11	<u>(4,397)</u>		<u>(4,693)</u>
		<u>(4,397)</u>		<u>(4,693)</u>
NET CURRENT LIABILITIES			<u>(2,664)</u>	<u>(2,428)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			(2,664)	(2,428)
PROVISIONS FOR LIABILITIES AND CHARGES	12		<u>(654)</u>	<u>(890)</u>
NET LIABILITIES			(3,318)	(3,318)
			=====	=====
CAPITAL AND RESERVES				
Called up share capital	13		2,750	2,750
Profit and loss account	14		<u>(6,068)</u>	<u>(6,068)</u>
EQUITY SHAREHOLDERS' (DEFICIT)	18		(3,318)	(3,318)
			=====	=====

These financial statements were approved by the Board of Directors on 4th July 2006

Signed on behalf of the Board of Directors:



J H Vyse
DIRECTOR



D J Paterson
DIRECTOR

INTERSERVE PILING LIMITED

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st December 2005

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

a) CONVENTION

The financial statements have been prepared in accordance with the historical cost convention.

b) TURNOVER

Turnover comprises the value of sales and the difference between contracts in progress at the beginning and end of year, excluding value added tax.

c) TANGIBLE FIXED ASSETS AND DEPRECIATION

Depreciation is provided on a straight line basis calculated to write down the cost of assets over their estimated useful economic lives at the following annual rates:

Leasehold Improvements	-	Over the period of the lease
Plant and Equipment	-	10% to 50%

d) LEASED ASSETS

Fixed assets held under finance leases are capitalised and depreciated over their expected useful lives. The finance charges are allocated over the primary period of the lease in proportion to the capital element outstanding.

The costs of operating leases are charged to the profit and loss account as they accrue.

e) PENSIONS

The Company participates in both of the principal pension schemes operated by the Interserve Group for the benefit of permanent members of staff. These consist of the Interserve Pension Scheme which is of the defined benefit type and the Interserve Retirement Plan which is of the defined contribution type. The Group also set up a new defined contribution section of the Interserve Pension scheme with effect from 1 November 2004.

Actuarial valuations are carried out every three years by independent qualified actuaries.

Following the adoption of FRS 17, the regular service cost of providing retirement benefits to employees during the year, together with the cost of any benefits relating to past service is charged to operating profit in the year.

The interest cost on retirement benefit scheme liabilities less the expected return on the assets of schemes during the year, based on the market value of the schemes at the start of the year, is charged as other finance charges to profit before taxation in the year.

INTERSERVE PILING LIMITED

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st December 2005

1. ACCOUNTING POLICIES (continued)

e) PENSIONS (continued)

The difference between the market value of assets and the actuarial value of pension liabilities is shown as a liability in the balance sheet net of deferred tax.

Differences between actual and expected returns on assets and experience gains/(losses) arising on scheme liabilities during the year, together with differences arising from changes in assumptions, are recognised in the statement of total recognised gains and losses in the year.

For the purposes of FRS 17, the Company is unable to identify its share of the underlying assets and liabilities in the main Group Scheme, the Interserve Pension Scheme, on a consistent and reasonable basis. Therefore the Company accounts for contributions to the scheme as if it were a defined contribution scheme.

Note 30 to the report and financial statements of the Group set out details of the IAS 19 net pension liability of £132.6 million (2004: £128.9 million).

f) FOREIGN CURRENCY

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the loss for the year.

g) DEFERRED TAXATION

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

INTERSERVE PILING LIMITED

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st December 2005

2. TURNOVER

The company's turnover arises mainly in the U.K. from its activity as piling and foundation engineers and contractors. Sales to other group companies amounted to £nil (2004 - £nil).

3. ADMINISTRATIVE EXPENSES

The additional exceptional costs included in administrative expenses are in respect of closure costs and amount to £nil (2004 - £737,039).

	2005 £000	2004 £000
4. OPERATING LOSS		
Operating loss is arrived at after charging:		
Depreciation		
On owned assets	-	59
Remuneration payable to auditors		
Audit fees	-	5
	====	====
Audit fees for 2005 have been borne by a fellow group company.		

5. EMPLOYEES

	<u>Number</u>	<u>Number</u>
The average number of persons employed by the company (including directors) was:		
	-	52
	===	===
The costs incurred in respect of these employees (including directors) were:		
Wages and salaries	£000	£000
	-	1,100
Social Security costs	-	84
Pension costs	-	148
	=====	=====
	-	1,332

INTERSERVE PILING LIMITED

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st December 2005

	2005 £000	2004 £000
6. DIRECTORS		
Aggregate emoluments	-	6
	=====	=====
	Number	Number
Number of directors who exercised share options in ultimate holding company	-	-
	=====	=====
	£000	£000
Payments for termination of office	-	78
	=====	=====
Pension Contributions	Number	Number
Number of directors to whom retirement benefits are accruing under defined benefit schemes.	-	1
	=====	=====
Highest paid director:	£000	£000
Aggregate emoluments	-	84
	=====	=====
Defined benefit pension scheme:	£	£
Accrued pension per annum at end of year	-	17,270
Accrued lump sum at end of year	-	39,103
	=====	=====
The emoluments and numbers exclude Mr J H Vyse who is reported in the financial statements of the ultimate parent undertaking and Mr D J Paterson who is reported in the financial statements of Interserve Project Services Limited.		
	£000	£000
7. INTEREST RECEIVABLE		
Interest receivable	-	4
	=====	=====
8. INTEREST PAYABLE AND SIMILAR CHARGES		
Group Interest	-	311
	=====	=====
9. TAX ON LOSS ON ORDINARY ACTIVITIES		
The tax charge comprises:		
Current UK corporation tax	-	(850)
Deferred taxation	-	947
	-	97
	=====	=====
The differences between the current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax are as follows:		
Loss on ordinary activities before taxation	-	(1,192)
Tax at 30%	-	(358)
Expenses not deductible	-	1
Capital allowances less than depreciation	-	358
Movement on short term timing differences	-	(851)
Current UK corporation tax credit for the year	-	(850)
	=====	=====

INTERSERVE PILING LIMITED

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st December 2005

	2005 £000	2004 £000
10. DEBTORS		
Trade debtors	47	259
Amounts owed by fellow subsidiary undertakings	-	53
Other debtors	139	25
Taxation Recoverable		
- Corporation tax	221	253
	<u>407</u>	<u>590</u>
	=====	=====
11. OTHER CREDITORS		
Amounts owed to parent undertaking	4,392	4,296
Amounts owed to fellow subsidiary undertakings	5	-
Other creditors including taxation and social security	-	151
Accruals and deferred income	-	246
	<u>4,397</u>	<u>4,693</u>
	=====	=====
12. PROVISIONS FOR LIABILITIES AND CHARGES		
Deferred taxation liability - provided		
Movement in year		
As at 1st January	-	(947)
Credit for the year	-	947
As at 31st December	-	-
	=====	=====

There is no unprovided deferred taxation (2004 - £Nil).

	£'000
Closure Costs brought forward as at 1 st January 2005	890
Amount utilised in year	(236)

Closure costs carried forward at 31 st December 2005	654
	=====

Closure Costs

These are the estimated costs of closure, and relate to anticipated settlement of leases and contracts. These costs are expected to be settled over the next three to four years.

INTERSERVE PILING LIMITED

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2005

	2005 £000	2004 £000
13. CALLED UP SHARE CAPITAL		
Authorised		
2,750,000 Ordinary shares of £1 each	2,750 =====	2,750 =====
Called up, allotted and fully paid		
2,750,000 Ordinary shares of £1 each	2,750 =====	2,750 =====
14. PROFIT AND LOSS ACCOUNT		
As at 1 st January 2005	(6,068)	(4,779)
Loss for the year	-	(1,289)
As at 31 st December 2005	(6,068) =====	(6,068) =====
15. CASH FLOW STATEMENT		
The company is not presenting a cash flow statement. It has taken advantage of the exemption contained in Financial Reporting Standard 1 Revised - Cash Flow Statements as the ultimate parent undertaking, Interserve plc, has included a consolidated cash flow statement in the group financial statements.		
16. ULTIMATE PARENT UNDERTAKING AND CONTROLLING ENTITY		
The company's immediate parent undertaking is West's Group International plc. The company's ultimate parent undertaking and ultimate controlling party is Interserve plc, which is incorporated in Great Britain. Interserve plc is the only company for which group financial statements are prepared. The group financial statements of Interserve plc are available from Companies House, Crown Way, Maindy, Cardiff CF4 3UZ.		
17. RELATED PARTY TRANSACTIONS		
The Company has taken advantage of the exemption contained in Financial Reporting Standard 8 - Related Party Disclosures not to report transactions with Interserve Group related parties which are disclosed in the consolidated financial statements of Interserve plc.		

INTERSERVE PILING LIMITED

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2005

	<u>2005</u>	<u>2004</u>
	<u>£000</u>	<u>£000</u>
18. MOVEMENT IN SHAREHOLDERS' DEFICIT		
Shareholders Deficit at 1 st January	(3,318)	(2,029)
Loss for the year	-	(1,289)
Shareholders Deficit at 31 st December	(3,318)	(3,318)
	=====	=====

19. CONTINGENT LIABILITIES

The company has given guarantees covering banking facilities made available to the parent and fellow subsidiary undertakings. At 31 December 2005 these amounted to £nil (2004 - £46,788,000).