

Registered Company Number 196260

INTERSERVE PILING LIMITED

31st December 2006



INTERSERVE PILING LIMITED**REPORT OF THE DIRECTORS**

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

PRINCIPAL ACTIVITY

The principal activity of the company is the business of piling and foundation engineering and contracting. The company ceased to trade in November 2003

RESERVES

During the year the company has continued to settle many of the outstanding liabilities whilst actively pursuing debts due from old contracts. The ultimate holding company Interserve Plc has waived monies due to it on an interest bearing loan and this is shown as a capital contribution of £3.4m

DIRECTORS AND THEIR INTERESTS

The directors for the year under review were as follows

J H Vyse

D J Paterson

In accordance with the Articles of Association Mr D J Paterson 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.

The interests of Mr J H Vyse in the parent undertaking, Interserve plc, are disclosed in the financial statements of Interserve plc and the interests of the Mr D J Paterson are disclosed in the financial statements of Interserve Project Services Limited

The market price of the shares at 31st December 2006 was 401p. The range of closing prices during the year was 260p to 429p.

The directors have no other interest in any other group undertaking (2005 - none)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements. The directors have chosen to prepare the accounts for the company in accordance with United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare such financial statements for each financial year which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company and of the profit or loss of the company for that period and comply with UK GAAP and the Companies Act 1985. In preparing those financial statements, the directors are required to

- (a) select suitable accounting policies and then apply them consistently,
- (b) make judgements and estimates that are reasonable and prudent,
- (c) state whether applicable accounting standards have been followed,
- (d) 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 him 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.

INTERSERVE PILING LIMITED

REPORT OF THE DIRECTORS

AUDITORS

In the case of the directors of the company at the date when this report is approved

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken as directors to make themselves aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information

The confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

The director's report has been prepared in accordance with the special provisions relating to small companies under section 246 (4) of the Companies Act 1985

Approved by the Board of Directors on 16th October 2007 and signed on behalf of the Board by


J C C Atkins
SECRETARY

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

We have audited the financial statements of Interserve Piling Limited for the year ended 31 December 2006 which comprise the balance sheet and the related notes 1 to 12. 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 Report of the Directors 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 Report of the Directors 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 December 2006 and of its result 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 Report of the Directors is consistent with the financial statements.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Birmingham, United Kingdom

17 October 2007

INTERSERVE PILING LIMITED

BALANCE SHEET AT 31st December 2006

| | Note | £000 | 2006 £000 | 2005 £000 |
|---|------|--------------|----------------|----------------|
| CURRENT ASSETS | | | | |
| Debtors | 4 | 225 | | 407 |
| Cash at bank and in hand | | <u>1,240</u> | | <u>1,326</u> |
| | | <u>1,465</u> | | <u>1,733</u> |
| CREDITORS FALLING DUE WITHIN ONE YEAR | | | | |
| Trade creditors | | - | | - |
| Other creditors | 5 | <u>(992)</u> | | <u>(4,397)</u> |
| | | <u>(992)</u> | | <u>(4,397)</u> |
| NET CURRENT ASSET/(LIABILITIES) | | | <u>473</u> | <u>(2,664)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 473 | (2,664) |
| PROVISIONS FOR LIABILITIES AND CHARGES | 6 | | <u>(368)</u> | <u>(654)</u> |
| NET LIABILITIES | | | 105 | (3,318) |
| | | | ===== | ===== |
| CAPITAL AND RESERVES | | | | |
| Called up share capital | 7 | | 2,750 | 2,750 |
| Capital Contribution | | | 3,423 | - |
| Profit and loss account | | | <u>(6,068)</u> | <u>(6,068)</u> |
| EQUITY SHAREHOLDERS' SURPLUS/(DEFICIT) | 8 | | 105 | (3,318) |
| | | | ===== | ===== |

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

These financial statements were approved by the Board of Directors on 16th October 2007

Signed on behalf of the Board of Directors



D J Paterson
DIRECTOR

INTERSERVE PILING LIMITED

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st December 2006

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) 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.

c) DEFERRED TAXATION

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

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.

2 EMPLOYEES

The only employees of the company in 2006 and 2005 were the directors who received no remuneration during the year (2005-nil).

The emoluments of Mr J H Vyse are reported in the financial statements of the ultimate parent undertaking and those of Mr D J Paterson are reported in the financial statements of Interserve Project Services Limited.

3 OPERATING RESULT

The audit fee is deemed to be nil for both years.

INTERSERVE PILING LIMITED

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st December 2006

| | 2006 | 2005 |
|----------------------|-------|-------|
| | £000 | £000 |
| 4 DEBTORS | | |
| Trade debtors | - | 47 |
| Other debtors | 4 | 139 |
| Taxation Recoverable | | |
| - Corporation tax | 221 | 221 |
| | 225 | 407 |
| | ===== | ===== |

| | | |
|--|-------|-------|
| 5 OTHER CREDITORS | | |
| Amounts owed to parent undertaking | 969 | 4,392 |
| Amounts owed to fellow subsidiary undertakings | 23 | 5 |
| | 992 | 4,693 |
| | ===== | ===== |

6 PROVISIONS FOR LIABILITIES AND CHARGES

| | £'000 |
|--|-------|
| Closure Costs brought forward as at 1 st January 2006 | 654 |
| Amount utilised in year | (286) |
| | ----- |
| Closure costs carried forward at 31 st December 2006 | 368 |
| | ===== |

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.

| | £000 | £000 |
|--------------------------------------|-------|-------|
| 7 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 |
| | ===== | ===== |

INTERSERVE PILING LIMITED

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st December 2006

8 SHAREHOLDERS' DEFICIT

The shareholders overall deficit has fallen from £3,318,000 due to the waiver of the loan from the ultimate parent undertaking in 2005 and at the end of 2006 is showing an overall surplus of £105,000

9 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

10 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

11 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

12 CONTINGENT LIABILITIES

The company has given guarantees covering banking facilities made available to the parent and fellow subsidiary undertakings. At 31 December 2006 these amounted to £242,626,000 (2005 - £129,364,000)