

Registered Company Number: 252221

INTERSERVE HOLDINGS PLC

31 December 2004



REPORT OF THE DIRECTORS

The directors present their annual report and the audited financial statements for the year ended 31 December 2004.

PRINCIPAL ACTIVITIES AND FUTURE PROSPECTS

The principal activity of the Company is that of a holding company. This activity is expected to continue for the foreseeable future.

RESULTS AND DIVIDENDS

The results of the Company are as set out in the accounts on pages 4 to 9. The directors propose a final dividend for the year ended 31 December 2004 of £5,506,000 (2003: £18,698,000). An interim dividend of £nil was paid during the year (2003: £1,731,000). A special dividend of £10,000,000 was paid during the year (2003: £nil).

DIRECTORS

The directors who served throughout the year, except as noted, are set out below:

Mr A R Hannah (resigned 10 June 2004)

Mr T C Jones

Mr A M Ringrose

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

None of the directors had any interests, beneficial or non beneficial, in the share capital of the Company or had a material interest during the year in any significant contract with the Company or any subsidiary (2003: £nil).

Messrs Jones and Ringrose are also directors of the ultimate parent undertaking, Interserve Plc, and their interests in the share capital of Interserve Plc are disclosed in the accounts of that company. Mr Hannah resigned from Interserve Plc on 10 June 2004 and his interests are also disclosed in the accounts of that company.

Since the year end, on 17 March 2005, Mr J H Vyse was appointed as a director of the Company.

AUDITORS

A resolution to re-appoint Deloitte & Touche LLP as the Company's auditors and to authorise the directors to fix their remuneration will be proposed at the forthcoming Annual General Meeting.

Interserve House
Ruscombe Park
Twyford
Reading
Berkshire
RG10 9JU

Approved by the Board of Directors and
signed on behalf of the Board by



T BRADBURY
Secretary

27-V-2005

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each 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 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 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INTERSERVE HOLDINGS PLC

We have audited the financial statements of Interserve Holdings Plc for the year ended 31 December 2004 which comprise the profit and loss account, the balance sheet and the related notes 1 to 14. 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

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 accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 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.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 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 of the state of the Company's affairs as at 31 December 2004 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

27 May 2005

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2004

	Note	2004 £000	2003 £000
Administrative expenses		<u>(5,150)</u>	<u>-</u>
OPERATING LOSS	2	(5,150)	-
Income from fixed asset investments	3	17,800	23,138
Profit on disposal of subsidiary company		<u>206</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		12,856	23,138
Tax on profit on ordinary activities	4	<u>(604)</u>	<u>(373)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		12,252	22,765
Dividends paid or proposed	5	<u>(15,506)</u>	<u>(20,429)</u>
(ACCUMULATED LOSS)/RETAINED PROFIT FOR THE YEAR	11	<u>(3,254)</u>	<u>2,336</u>

All activities are derived from continuing operations.

A statement of total recognised gains and losses is not presented as there have been no recognised gains or losses other than the profit for the year and the preceding year as set out above.

BALANCE SHEET AT 31 DECEMBER 2004

	Note	2004		2003	
		£000	£000	£000	£000
FIXED ASSETS					
Investments	6		17,215		31,655
CURRENT ASSETS					
Debtors	7	26,629		20,326	
CREDITORS: amounts falling due within one year	8	(30,956)		(35,839)	
NET CURRENT LIABILITIES			(4,327)		(15,513)
NET ASSETS			<u>12,888</u>		<u>16,142</u>
CAPITAL AND RESERVES					
Called up share capital	9		3,940		3,940
Share premium account	10		324		324
Profit and loss account	11		<u>8,624</u>		<u>11,878</u>
Equity shareholders' funds			<u>12,888</u>		<u>16,142</u>

These financial statements were approved by the Board of Directors on

27-V-2005.

Signed on behalf of the Board of Directors.

T C Jones

T C Jones
Director

27-V-2005

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2004

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. They have been applied consistently throughout the year and the preceding year.

a) ACCOUNTING CONVENTION

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

b) FIXED ASSET INVESTMENTS

Investments and loans to subsidiary and associated undertakings are stated at cost less provision for any impairment in value.

c) TAXATION

Current tax, including UK corporation and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been 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 more 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 or income and expenditure in taxation computations in periods different from those in which they are included in the 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.

d) 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 profit for the year.

2. OPERATING LOSS

The Company had no employees during the current or preceding year other than the directors. The directors of the Company did not receive any remuneration for their services to the Company during the year (2003: £nil).

The audit fee for the Company in the current and preceding financial year was borne by the ultimate parent company.

	2004 £000	2003 £000
3. INCOME FROM FIXED ASSET INVESTMENTS		
Dividends from subsidiary and associated undertakings	<u>17,800</u>	<u>23,138</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2004 (continued)

4. TAX ON PROFIT ON ORDINARY ACTIVITIES	2004	2003	
	£000	£000	
Current UK corporation tax on profit for the year at 30% (2003: 30%)	(688)	(763)	
Adjustment in respect of prior years	<u>84</u>	<u>390</u>	
	<u>(604)</u>	<u>(373)</u>	
Factors affecting the tax charge in the year			
Profit before tax	<u>12,856</u>	<u>23,138</u>	
Tax on profit at standard rate of 30%	(3,857)	(6,941)	
Non-taxable dividend income	4,652	6,129	
Expenses not deductible for tax purposes	(1,483)		
Overseas tax charged at lower rate than UK standard rate	-	718	
Adjustment in respect of prior years	<u>84</u>	<u>(279)</u>	
	<u>(604)</u>	<u>(373)</u>	
5. DIVIDENDS	2004	2003	
	£000	£000	
Interim dividend paid	-	1,731	
Special dividend paid	10,000	-	
Proposed final dividend	<u>5,506</u>	<u>18,698</u>	
	<u>15,506</u>	<u>20,429</u>	
6. INVESTMENTS	2004	2003	
	£000	£000	
Associated undertakings:			
Shares at cost less provisions	3,588	3,588	
Loans less provisions	405	405	
Subsidiary undertakings:			
Shares at cost	<u>13,222</u>	<u>27,662</u>	
	<u>17,215</u>	<u>31,655</u>	
	Associated Undertakings	Subsidiary Undertakings	
	Shares	Loans	Shares
	£000	£000	£000
Cost and net book value			
At 1 January 2004	3,588	405	27,662
Disposals	-	-	(9,289)
Provisions	-	-	(5,151)
At 31 December 2004	3,584	405	13,222

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2004 (continued)

6. INVESTMENT IN ASSOCIATED AND SUBSIDIARY UNDERTAKINGS (continued)

The Company's investment in West's Group International Plc held at 31 December 2003 was transferred to Bandt Limited during the year. The principal subsidiary and associated undertakings are set out below. None of the shares relate to a listed investment. Unless otherwise indicated the subsidiary undertakings are wholly owned and incorporated in Great Britain. Shareholdings in companies marked * are indirectly held.

Douglas OHI LLC* (33.33%) (incorporated in Sultanate of Oman) - civil engineering and building
 Interserve Insurance Company Ltd (incorporated in Guernsey) - insurance
 Khansaheb Civil Engineering LLC (45%) (incorporated in Emirate of Dubai) - civil engineering and building
 Khansaheb Hussain LLC (49%) (incorporated in Emirate of Abu Dhabi) - civil engineering and building
 Rapid Metal Developments (Australia) Pty Ltd* (incorporated in Australia) - equipment hire and sales
 Rapid Metal Developments (NZ) Ltd (incorporated in New Zealand) - equipment hire and sales
 RMD Kwikform Chile SA (incorporated in Chile) - equipment hire and sales
 RMD Kwikform Ireland Ltd (incorporated in Ireland) - equipment hire and sales
 RMD Kwikform Korea Co, Ltd (incorporated in Korea) - equipment hire and sales
 RMD Kwikform Middle East LLC* (49%) (incorporated in the Emirate of Sharjah) - equipment hire and sales
 RMD Kwikform (Taiwan) Ltd (incorporated in Taiwan) - equipment hire and sales
 RMD Sweden AB (incorporated in Sweden) - equipment hire and sales
 Tilbury Douglas Projects Ltd - property development

In accordance with the provisions of Section 228 of the Companies Act 1985, the Company is exempt from the obligation to prepare and deliver Group accounts as the Company is included in the audited consolidated accounts of its parent undertaking, Interserve Plc, which is incorporated in Great Britain and registered in England and Wales. Accordingly these financial statements present information about the Company as an individual undertaking and not as a Group.

In the opinion of the directors the aggregate value of the shares in and amounts owing from subsidiary undertakings is not less than the amounts at which they are stated in the balance sheet.

7. DEBTORS	2004 £000	2003 £000
Amount owed by subsidiary undertaking	11,123	1,628
Dividends receivable	<u>15,506</u>	<u>18,698</u>
	<u>26,629</u>	<u>20,326</u>
8. CREDITORS: amounts falling due within one year	2004 £000	2003 £000
Amount owed to other Group undertakings	13,571	15,595
Other creditors	37	38
Corporation tax	1,842	1,508
Dividends proposed	<u>15,506</u>	<u>18,698</u>
	<u>30,956</u>	<u>35,839</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2004 (continued)

9. CALLED UP SHARE CAPITAL	2004 £000	2003 £000
Authorised:		
20,000,000 ordinary shares of 25p each	<u>5,000</u>	<u>5,000</u>
Called up, allotted and fully paid:		
15,761,018 ordinary shares of 25p each	<u>3,940</u>	<u>3,940</u>
10. SHARE PREMIUM ACCOUNT	2004 £000	2003 £000
1 January 2004 and 31 December 2004	<u>324</u>	<u>324</u>
11. PROFIT AND LOSS ACCOUNT	2004 £000	2003 £000
1 January	11,878	9,542
(Loss)/profit retained for the year	<u>(3,254)</u>	<u>2,336</u>
31 December	<u>8,624</u>	<u>11,878</u>
12. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDER'S FUNDS	2004 £000	2003 £000
Profit attributable to shareholders	12,252	22,765
Dividends	<u>(15,506)</u>	<u>(20,429)</u>
(Accumulated loss)/retained profit for the year	<u>(3,254)</u>	<u>2,336</u>
Opening equity shareholder's funds	<u>16,142</u>	<u>13,806</u>
Closing equity shareholder's funds	<u>12,888</u>	<u>16,142</u>

13. CONTINGENT LIABILITIES

The Company has given guarantees covering banking facilities made available to the holding company and fellow subsidiary undertakings. At 31 December 2004 these amounted to £47,359,000 (2003: £48,511,000) relating to certain subsidiary undertakings.

14. ULTIMATE PARENT UNDERTAKING AND RELATED PARTY TRANSACTIONS

The Company's immediate and ultimate parent company and controlling party, and parent company of the largest and smallest Group which includes the Company and for which Group financial statements are prepared, is Interserve Plc, a company incorporated in Great Britain. Copies of the Group financial statements of Interserve Plc are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

The Company has taken advantage of the exemption contained in Financial Reporting Standard 8 "Related Party Disclosures" not to report transactions with other Group companies.