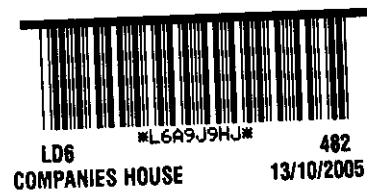


COMPANY NUMBER: 338492

KIRBY MACLEAN LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2004



Kirby MacLean Limited

Directors

P A Cleaver BSc CEng MICE (resigned 23 April 2004)
D J O'Grady (resigned 17 September 2004)
M J Peasland FCIOB (appointed 5 April 2004)
B P Perrin BSc ACA AMCT (appointed 15 November 2004)
P J Scannell BSc FCA (resigned 31 December 2004)
S J Waite FRICS MCIOB (appointed 31 December 2004)

Secretary and Registered Office

B P Perrin BSc ACA AMCT
Roman House, 159 Ravenscroft Road, Beckenham, Kent BR3 4TN

Auditors

Deloitte & Touche LLP
Chartered Accountants
London

Report of the directors

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

Review of activities and future prospects

The Company has continued its painting, contracting and decorating business.

On 31 December 2004, the entire share capital of the Company was transferred from Mansell Maintenance Services Limited to Mansell Construction Services Limited, a company registered in England.

On 31 December 2004, the Company transferred the beneficial interest in its assets and liabilities to Mansell Construction Services Limited for a consideration equal to the net book value at that date. On the same day, the Company entered into an agency agreement with Mansell Construction Services Limited whereby all future trading of the Company will be undertaken as an agent of Mansell Construction Services Limited.

Results and dividends

The profit for the year after taxation was £66,000 (2003: £161,000). Equity dividends are set out in the following table:

	2004		2003	
	Pence per share	£000	Pence per share	£000
Paid	-	-	24.99	18
Paid	-	-	111.26	78
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	136.25	96
	<hr/>	<hr/>	<hr/>	<hr/>

Directors

The directors who held office throughout the year, unless otherwise noted, are shown above.

Kirby MacLean Limited

Report of the directors continued

Directors' interests in the group

Mr M J Peasland, Mr B P Perrin, Mr P J Scannell and Mr S J Waite were also directors of the intermediate parent undertaking, Mansell plc, at 31 December 2004 and their interests in the group, as defined by the Companies Act 1985, are set out in the directors' report attached to the financial statements of that company for the year ended 31 December 2004.

No director had any beneficial interest in the shares of the Company or any other Mansell group company at any time during the year.

Employees

It is Company policy to provide equal employment opportunities without regard to race, religion, sex, national origin, disability or age.

We have continued our policy of consulting staff and keeping them informed of significant events and trends through meetings, the circulation of newsletters including Mansell News and the introduction of Centurion, the new Mansell communication programme reaching all staff.

Directors' responsibilities for the financial statements

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 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 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.

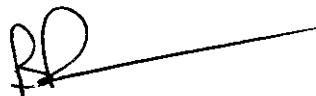
The "Elective Regime"

At the Annual General Meeting held on 24 November 1999, the Company adopted a resolution under the terms of Section 379A, Companies Act 1985 (as amended), to take advantage of the full range of procedural relaxations permitted by that provision. Accordingly, no Annual General Meeting is to be held and the accounts will not be laid before the members.

Auditors

Deloitte & Touche LLP have indicated their willingness to continue in office.

By order of the board



B P Perrin
Company Secretary

12 October 2005

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KIRBY MACLEAN LIMITED

We have audited the financial statements of Kirby MacLean Limited for the year ended 31 December 2004 which comprise the profit and loss account, the balance sheet and the related notes 1 to 18. 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 or material inconsistencies with the financial statements.

Basis of audit opinion

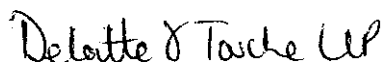
We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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 affairs of the Company as at 31 December 2004 and of the profit of the Company for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
London

12 October 2005

Kirby MacLean Limited
Profit and loss account
for the year ended 31 December 2004

	Note	2004 £000	2003 £000
Turnover	1(b)	1,278	2,072
Cost of sales		(864)	(1,496)
Gross profit		414	576
Administrative expenses		(345)	(348)
Operating profit	2	69	228
Interest receivable	4	16	12
Profit on ordinary activities before taxation		85	240
Tax on profit on ordinary activities	5	(19)	(79)
Profit on ordinary activities after taxation		66	161
Equity dividends paid	6	-	(96)
Profit for the financial year	12	66	65

The results were derived wholly from discontinued activities, as the trading activity of the Company was transferred to Mansell Construction Services Limited on 31 December 2004.

The Company has no recognised gains or losses other than the retained profit for the year shown above and therefore no separate statement of total recognised gains and losses has been presented.

Kirby MacLean Limited

Balance sheet at 31 December 2004

	Note	2004 £000	2003 £000
Fixed assets			
Tangible fixed assets	7	-	47
		-----	-----
Current assets			
Stocks	8	-	240
Debtors due within one year	9	477	247
Debtors due after more than one year	9	-	1
Cash at bank		-	361
		-----	-----
		477	849
Creditors: amounts falling due within one year	10	-	(485)
		-----	-----
Net current assets		477	364
		-----	-----
Total assets less current liabilities		477	411
		=====	=====
Capital and reserves			
Called up share capital	11	71	71
Profit and loss account	12	406	340
		-----	-----
Equity shareholders' funds	13	477	411
		=====	=====

On 31 December 2004, the Company transferred the beneficial interest in its assets, undertakings and liabilities to Mansell Construction Services Limited for a consideration equal to the net book value at that date. On the same day, the Company entered into an agency agreement with Mansell Construction Services Limited whereby all future trading of the Company will be undertaken as an agent of Mansell Construction Services Limited.

The financial statements on pages 4 to 11 were approved by the board of directors on 12 October 2005.



B P Perrin
Director

Kirby MacLean Limited

Notes to the financial statements

1. Principal accounting policies

The principal accounting policies are given below. They have been applied consistently throughout the year and the preceding year.

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention and comply with all applicable United Kingdom law and accounting standards.

(b) Turnover

Turnover is the value of work carried out solely in the United Kingdom during the year in respect of invoiced value of sales in respect of painting and decorating, excluding VAT.

(c) Tangible fixed assets

Fixed assets are stated at cost less accumulated depreciation calculated to write off the cost over the useful economic life using the following rates:

Plant and equipment	25% on cost
Motor vehicles	20% on cost
Office furniture and fixtures	25% on cost

(d) Stocks

Stocks and work in progress are stated at the lower of net realisable value or cost. Provision is made for obsolete, slow-moving or defective items as appropriate.

(e) Taxation

Current tax, including United Kingdom corporation tax, is provided at the amounts expected to be paid or recovered using the tax rates and laws that apply at the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

(f) Pensions

Contributions to defined benefit pension schemes are charged to the profit and loss account so as to spread the cost of providing pensions over employees' working lives with the Company. Variations in pension costs are allocated over the remaining service lives of employees as an adjustment to the regular pension cost. Differences between contributions paid and amounts charged in the profit and loss account are included as a prepayment or liability in the balance sheet. Contributions to defined contribution pension schemes are charged to the profit and loss account as they fall due.

(g) Leases

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Kirby MacLean Limited

Notes to the financial statements

2.	Operating profit	2004	2003
		£000	£000

Operating profit is stated after charging/(crediting):

Depreciation of owned tangible fixed assets	19	15
Profit on disposal of fixed assets	(2)	-
Charges under operating leases		
- property	9	9
- plant and machinery	-	4
Auditors' remuneration - audit	6	4

3.	Directors and employees	2004	2003
		£000	£000

Staff costs	475	597
Social security costs	17	51
Other pension costs	45	39
	<u>537</u>	<u>687</u>

The average monthly number of staff employed by the Company during the year was:

	2004	2003
	Number	Number
Operational	14	19
Administrative	9	7
	<u>23</u>	<u>26</u>

Staff costs include the following emoluments in respect of the qualifying services of the directors of the Company:

	2004	2003
	£000	£000
For management services	45	97

Retirement benefits are accruing to one director under a defined benefits scheme (2003: 1).

4.	Interest receivable	2004	2003
		£000	£000

Interest receivable on bank balances	16	12
--------------------------------------	----	----

Kirby MacLean Limited

Notes to the financial statements

5. Tax on profit on ordinary activities			2004	2003
			£000	£000
Current tax:				
United Kingdom corporation tax on profits of the year at 30% (2003: 30%)			26	79
Adjustments in respect of previous periods			(7)	-
			<u>19</u>	<u>79</u>
Total current tax				
			<u>19</u>	<u>79</u>
Tax reconciliation:				
Profit on ordinary activities before taxation			85	240
			<u>85</u>	<u>240</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003: 30%)			26	72
Effects of:				
Expenses not deductible for tax purposes			-	7
Adjustments in respect of previous periods			(7)	-
			<u>-</u>	<u>7</u>
Current tax charge for the year			19	79
			<u>19</u>	<u>79</u>
6. Equity dividends paid and proposed				
	2004		2003	
	Pence	Total	Pence	Total
	per share	£000	per share	£000
Interim dividend, paid	-	-	24.99	18
Interim dividend, paid	-	-	111.26	78
	<u>-</u>	<u>-</u>	<u>136.25</u>	<u>96</u>
	<u>-</u>	<u>-</u>	<u>136.25</u>	<u>96</u>
7. Tangible fixed assets				
	Plant and	Fixtures,		
	machinery	fittings and		
	£000	equipment		
	£000	£000		Total
				£000
Cost				
At 1 January 2004	97	38		135
Additions	20	-		20
Disposals	(16)	-		(16)
Transfer to group undertakings	(101)	(38)		(139)
At 31 December 2004	<u>-</u>	<u>-</u>		<u>-</u>
Depreciation				
At 1 January 2004	63	25		88
Charge for the year	14	5		19
On disposals	(16)	-		(16)
Transfer to group undertakings	(61)	(30)		(91)
At 31 December 2004	<u>-</u>	<u>-</u>		<u>-</u>
Net book value				
At 31 December 2004	<u>-</u>	<u>-</u>		<u>-</u>
At 31 December 2003	<u>34</u>	<u>13</u>		<u>47</u>

Kirby MacLean Limited

Notes to the financial statements

8. Stocks and work in progress	2004	2003
	£000	£000
Raw materials and consumables	-	23
Work in progress	-	217
	<hr/>	<hr/>
	-	240
	<hr/>	<hr/>

On 31 December 2004, the Company transferred its stocks and work in progress to Mansell Construction Services Limited for a consideration equal to the net book value at that date.

9. Debtors	2004	2003
	£000	£000
Due within one year:		
Trade debtors	-	246
Amounts owed by group undertakings	477	-
Prepayments and accrued income	-	1
	<hr/>	<hr/>
	477	247
	<hr/>	<hr/>
Due after more than one year:		
Deferred taxation	-	1
	<hr/>	<hr/>
	477	248
	<hr/>	<hr/>

In 2003 the deferred tax asset relates to fixed asset timing differences.

On 31 December 2004, the Company transferred its debtors to Mansell Construction Services Limited for a consideration equal to the net book value at that date. An intercompany debtor equal to this consideration was set up at the time.

10. Creditors: amounts falling due within one year	2004	2003
	£000	£000
Trade creditors	-	117
Amounts owed to group undertakings	-	79
Corporation tax	-	51
Other taxation and social security	-	72
Other creditors	-	25
Accruals and deferred income	-	141
	<hr/>	<hr/>
	-	485
	<hr/>	<hr/>

On 31 December 2004, the Company transferred its creditors to Mansell Construction Services Limited for a consideration equal to the net book value at that date.

Kirby MacLean Limited

Notes to the financial statements

		2004 and 2003	
		Number	Nominal Value
11. Called up share capital			
Ordinary shares of £1 each:			
Authorised		100,000	£ 100,000
		<hr/>	<hr/>
Allotted, called up and fully paid		70,630	£ 70,630
		<hr/>	<hr/>
12. Profit and loss account		2004	2003
		£000	£000
At 1 January		340	275
Retained profit for the financial year		66	65
		<hr/>	<hr/>
At 31 December		406	340
		<hr/>	<hr/>
13. Equity shareholders' funds		2004	2003
		£000	£000
Profit on ordinary activities after taxation		66	161
Dividend		-	(96)
		<hr/>	<hr/>
Net increase in shareholders' funds		66	65
Opening equity shareholders' funds		411	346
		<hr/>	<hr/>
Closing equity shareholders' funds		477	411
		<hr/>	<hr/>

14. Commitments under operating leases

At 31 December 2004 the Company was committed to making the following payments during the next year in respect of operating leases:

	2004		2003	
	Property £000	Plant and machinery £000	Property £000	Plant and machinery £000
Operating leases expiring:				
Within one year	-	-	-	3
Within two to five years	-	-	9	-
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	9	3
	<hr/>	<hr/>	<hr/>	<hr/>

On 31 December 2004, the Company transferred its operating lease commitments to Mansell Construction Services Limited.

Kirby MacLean Limited

Notes to the financial statements

15. Contingent liabilities and capital commitments

Contingent liabilities are not expected to give rise to any material loss. The Company has, in the normal course of business, given guarantees and entered into counter-indemnities in respect of bonds relating to the Company's own contracts and in respect of group undertakings. Provision is made for the Directors' best estimate of known legal claims and legal actions in progress. The Company takes legal advice as to the likelihood of success of claims and actions and no provision is made where the Directors consider, based on that advice, that the action is unlikely to succeed or a sufficiently reliable estimate of the potential obligation cannot be made.

There was no material capital expenditure either contracted for, or authorised but not contracted for, at 31 December 2004 (2003: £nil).

16. Related party transactions

As a subsidiary of Balfour Beatty plc, the Company has taken advantage of the exemption in FRS8 "Related Party Transactions" not to disclose transactions with other members of the group headed by Balfour Beatty plc.

17. Parent undertakings and controlling parties

The Company is a wholly owned subsidiary of Mansell Construction Services Limited, registered in England and Wales, which does not prepare consolidated financial statements.

The Company's ultimate parent undertaking and controlling party is Balfour Beatty plc which is registered in England and Wales.

The only group in which the results of the Company are consolidated is that headed by Balfour Beatty plc. The consolidated financial statements of Balfour Beatty plc are available to the public and may be obtained from the Company Secretary, Balfour Beatty plc, 130 Wilton Road, London SW1V 1LQ and on the Balfour Beatty website www.balfourbeatty.com.

18. Pension arrangements

The Company participates in the Mansell plc group defined benefit pension scheme, known as the Mansell plc Pension Scheme. The Company continues to prepare accounts under SSAP 24, Accounting for Pensions. Disclosures required under the transitional arrangements of Financial Reporting Standard No. 17, Retirement Benefits, are shown in the accounts of Mansell plc. These disclosures show the scheme to have a net deficit of £15.5m attributable to the Mansell plc group after deducting deferred tax. During the year the assets and liabilities of the pension schemes could not be identified between the different companies within the schemes, accordingly under FRS 17, the Company would have accounted for contributions to the schemes as if they were defined contribution schemes. The Company's pension charge for the year was £ 43,000 (2003: £39,000).

Details of the above pension scheme are included in the financial statements of Mansell plc which are available from The Company Secretary, Mansell plc, Grant Road, Croydon CR9 6BU.