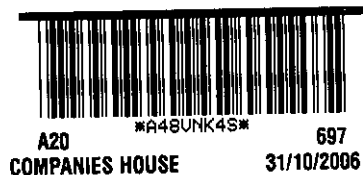


Registered number: 2263477

Wareham Ball Clay Company Limited

**Directors' report and financial statements
For the year ended 31 December 2005**



Wareham Ball Clay Company Limited

Company information

Directors	P-A Hjort IA Sexton
Secretary	J Knight
Company number	2263477
Registered office	SITA House Grenfell Road Maidenhead Berkshire SL6 1ES
Auditors	Ernst & Young LLP Wessex House 19 Threefield Lane Southampton SO14 3QB

Wareham Ball Clay Company Limited

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Wareham Ball Clay Company Limited

Directors' report

For the year ended 31 December 2005

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

Principal activities and review of business

The company trades in the business of mineral extraction.

The Wareham quarry site holds significant sand reserves and no significant change to the activities of the company is anticipated in the foreseeable future.

Results and dividends

The profit for the year, after taxation, amounted to £25,000 (2004 - Loss £913,000) .

The directors do not recommend the payment of a dividend.

Directors

The directors who served during the year were:

P-A Hjort

IA Sexton

Additional information re directors

No director who held office on 31 December 2005 had an interest in the company's shares either during the financial year or at 31 December 2005.

Events since the end of the year

There have been no significant events requiring disclosure since the balance sheet date.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice.

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 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, subject to any material departures disclosed and explained in the financial statements;
- 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

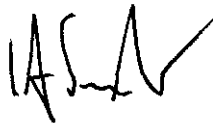
Auditors

The auditors, Ernst & Young LLP, are deemed to be reappointed in accordance with section 386 of the Companies Act 1985 by virtue of an elective resolution passed by the members on 7 July 2003.

Wareham Ball Clay Company Limited

**Directors' report
For the year ended 31 December 2005**

This report was approved by the board on 30 October 2006 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'IA Sexton', with a large checkmark at the end.

IA Sexton
Director

Wareham Ball Clay Company Limited

Independent auditors' report to the shareholders of Wareham Ball Clay Company Limited

We have audited the company's financial statements for the year ended 31 December 2005 which comprise the Profit and Loss Account and 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 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

The directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as 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 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 and consider the implications for our report if we become aware of any apparent misstatements within it.

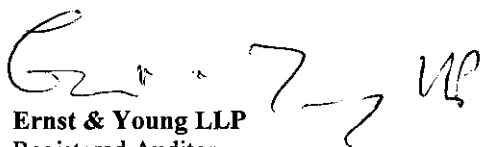
Basis of audit opinion

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 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
Southampton

30 October 2006

Wareham Ball Clay Company Limited

Profit and loss account

For the year ended 31 December 2005

	Note	2005 £000	2004 £000
Turnover	1, 2	391	342
Cost of sales		<u>(195)</u>	<u>(116)</u>
Gross profit		196	226
Administrative expenses		<u>(25)</u>	<u>(22)</u>
Operating profit	3	171	204
Interest receivable	5	48	36
Interest payable	6	<u>(295)</u>	<u>(288)</u>
Loss on ordinary activities before taxation		(76)	(48)
Tax on loss on ordinary activities	7	<u>101</u>	<u>(865)</u>
Profit/(loss) on ordinary activities after taxation		<u>25</u>	<u>(913)</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2005 or 2004 other than those included in the profit and loss account.

The notes on pages 6 to 11 form part of these financial statements.

Wareham Ball Clay Company Limited

Balance sheet
As at 31 December 2005

	Note	£000	2005 £000	£000	2004 £000
Fixed assets					
Tangible fixed assets	8		158		260
			<u>158</u>		<u>260</u>
Current assets					
Debtors	9	2,154		1,760	
Creditors: amounts falling due within one year	10	(6,641)		(6,402)	
			<u>(4,487)</u>		<u>(4,642)</u>
Net current liabilities					
			<u>(4,329)</u>		<u>(4,382)</u>
Total assets less current liabilities					
Provisions for liabilities and charges					
Other provisions	12		(545)		(517)
			<u>(4,874)</u>		<u>(4,899)</u>
Net liabilities					
Capital and reserves					
Called up share capital	13		1		1
Share premium account			3,005		3,005
Profit and loss account	14		(7,880)		(7,905)
			<u>(4,874)</u>		<u>(4,899)</u>
Shareholders' funds - all equity	15				

The financial statements were approved by the board on 30 October 2006 and signed on its behalf.



IA Sexton
Director

The notes on pages 6 to 11 form part of these financial statements.

**Notes to the financial statements
For the year ended 31 December 2005**

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS1.

1.3 Turnover

Turnover comprises amounts receivable for goods and services supplied by the company, exclusive of Value Added Tax and trade discounts.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long leasehold property - mineral	-	On the basis of minerals extracted
Quarry engineering	-	On the basis of minerals extracted
Plant & machinery	-	3 - 10 years straight line

1.5 Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by 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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the period in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

1.6 Site restoration provision

The company estimates its total future cost requirements associated with the closure and restoration costs of mineral sites. Such costs include final capping of the site. The company provides for these costs over the life of the quarry.

2. Turnover

The whole of the turnover is attributable to the one principal activity of the company being the extraction of minerals.

All turnover arose within the United Kingdom.

Wareham Ball Clay Company Limited

Notes to the financial statements For the year ended 31 December 2005

3. Operating profit

The operating profit is stated after charging:

	2005	2004
	£000	£000
Depreciation of tangible fixed assets:		
- owned by the company	102	71
Auditors' remuneration	2	2
	<u>104</u>	<u>73</u>

During the year, no director received any remuneration in respect of their services as directors of the company (2004 - £nil).

4. Staff costs

The company does not directly employ any staff.

5. Interest receivable

	2005	2004
	£000	£000
Interest receivable from group companies	48	36
	<u>48</u>	<u>36</u>

6. Interest payable

	2005	2004
	£000	£000
On loans from group undertakings	295	288
	<u>295</u>	<u>288</u>

7. Taxation

	2005	2004
	£000	£000
Analysis of tax charge in year		
Current tax (see note below)		
UK corporation tax charge on profits of the year	-	-
Adjustments in respect of prior periods	-	59
Total current tax	<u>-</u>	<u>59</u>
Deferred tax		
Origination and reversal of timing differences	(31)	927
Adjustments in respect of prior periods	(70)	(121)
Total deferred tax (see note 11)	<u>(101)</u>	<u>806</u>
Tax on (loss)/profit on ordinary activities	<u>(101)</u>	<u>865</u>

Wareham Ball Clay Company Limited

Notes to the financial statements For the year ended 31 December 2005

7. Taxation (continued)

Factors affecting tax charge for year

The tax assessed for the year is higher than the standard rate of corporation tax in the UK applicable to the company (30%). The differences are explained below:

	2005 £000	2004 £000
Loss on ordinary activities before tax	(76)	(48)
Loss on ordinary activities multiplied by the relevant standard rate of corporation tax in the UK of 30% (2004 - 30%)	(23)	(14)
Effects of:		
Expenses not deductible for tax purposes	8	20
Capital allowances for period in excess of depreciation	31	12
Utilisation of tax losses	(16)	(18)
Adjustments to tax charge in respect of prior periods	-	59
Current tax charge for year (see note above)	-	59

Factors that may affect future tax charges

The company has tax losses brought forward from previous years of £3,051,000 (2004 - £3,067,000) which are available indefinitely for relief against future trading profits.

8. Tangible fixed assets

	Long leasehold property - mineral £000	Quarry engineering £000	Plant & machinery £000	Total £000
Cost				
At 1 January 2005	195	321	27	543
Disposals	-	-	(25)	(25)
At 31 December 2005	195	321	2	518
Depreciation				
At 1 January 2005	78	178	27	283
Charge for the year	43	59	-	102
On disposals	-	-	(25)	(25)
At 31 December 2005	121	237	2	360
Net book value				
At 31 December 2005	74	84	-	158
At 31 December 2004	117	143	-	260

Wareham Ball Clay Company Limited

**Notes to the financial statements
For the year ended 31 December 2005**

9. Debtors

	2005	2004
	£000	£000
Amounts owed by group undertakings	1,128	841
Prepayments and accrued income	9	3
Deferred tax asset (see note 11)	1,017	916
	2,154	1,760

**10. Creditors:
Amounts falling due within one year**

	2005	2004
	£000	£000
Amounts owed to group undertakings	6,638	6,402
Accruals and deferred income	3	-
	6,641	6,402

11. Deferred taxation

	2005	2004
	£000	£000
At beginning of year	916	1,722
Released during/(charge for) the year	101	(806)
At end of year	1,017	916

The deferred tax asset is made up as follows:

	2005	2004
	£000	£000
Accelerated capital allowances	1,017	916
	1,017	916

There is an unrecognised deferred tax asset in respect of tax losses brought forward of £904,000 (2004 - £920,000), due to uncertainty as to the availability of future taxable profits.

Wareham Ball Clay Company Limited

**Notes to the financial statements
For the year ended 31 December 2005**

12. Provisions

	Site restoration and maintenance £000
At 1 January 2005	517
Additions	28
	<hr/>
At 31 December 2005	545
	<hr/>

Site restoration and maintenance

The provision for site restoration and maintenance has been calculated in accordance with the accounting policy set out in note 1.

13. Share capital

	2005 £000	<i>2004 £000</i>
Authorised, allotted, called up and fully paid		
1,000 "A" ordinary shares of £1 each	1	1
2 "B" ordinary shares of 50p each	-	-
	<hr/>	<hr/>

The rights attaching to the "A" and "B" ordinary shares are equal in all respects.

14. Reserves

	£000
Profit and loss account	
At 1 January 2005	(7,905)
Profit for the year	25
	<hr/>
At 31 December 2005	(7,880)
	<hr/>

15. Reconciliation of movement in shareholders' funds

	2005 £000	<i>2004 £000</i>
Profit/(loss) for the year	25	(913)
	<hr/>	<hr/>
	25	(913)
Opening shareholders' funds	(4,899)	(3,986)
	<hr/>	<hr/>
Closing shareholders' funds	(4,874)	(4,899)
	<hr/>	<hr/>

16. Related party transactions

Under the provisions of Financial Reporting Standard 8, the company is not required to disclose details of related party transactions with Group entities as it is a wholly owned subsidiary, and the consolidated financial statements in which the company results are included are available to the public.

Wareham Ball Clay Company Limited

**Notes to the financial statements
For the year ended 31 December 2005**

17. Post balance sheet events

There have been no significant events requiring disclosure since the balance sheet date.

18. Ultimate parent undertaking and Controlling party

The ultimate parent undertaking is Suez SA, a company incorporated in France.

The largest group of which Wareham Ball Clay Company Limited is a member and for which group financial statements are drawn up is that headed by Suez SA, whose consolidated financial statements are available from 16 Rue de la Ville L'Eveque, Paris, France. The smallest such group is that headed by SITA Holdings UK Limited, a company registered in England & Wales. The consolidated financial statements of the SITA Holdings UK Limited Group may be obtained from SITA House, Grenfell Road, Maidenhead, Berkshire, SL6 1ES.

In the opinion of the directors, SITA Holdings UK Limited controls the company as a result of controlling 100% of the issued share capital of Wareham Ball Clay Company Limited. Suez SA is the ultimate controlling party, being the ultimate controlling party of SITA Holdings UK Limited.