

Registered number: 2263477

Wareham Ball Clay Company Limited

Directors' Report and Financial Statements

For the year ended 31 December 2006

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Wareham Ball Clay Company Limited

Company information

Directors	P-A Hjort C Chapron
Secretary	J Knight
Company number	2263477
Registered office	SITA House Grenfell Road Maidenhead Berkshire SL6 1ES
Auditors	Ernst & Young LLP 1 More London Place London SE1 2AF

Wareham Ball Clay Company Limited

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Wareham Ball Clay Company Limited

Directors' Report

For the year ended 31 December 2006

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

Principal activities

The company's principal activity during the year was the extraction of minerals

Business review

The directors were disappointed with the result of the company during the year, caused by group interest charges and an adjustment to prior year tax

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 £60,000 (2005 - £25,000)

The directors do not recommend the payment of a dividend

Directors

The directors who served during the year were

C Chapron (appointed 19 February 2007)

P-A Hjort

IA Sexton (resigned 19 February 2007)

No director who held office on 31 December 2006 had an interest in the company's shares either during the financial year or at 31 December 2006

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK 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 that 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each of the directors is aware at the time the report is approved

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

Wareham Ball Clay Company Limited

Directors' Report

For the year ended 31 December 2006

Events since the end of the year

Announcements were made after the balance sheet date to changes in tax laws and rates that will have an effect on the deferred tax asset of the company (see note 7)

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

This report was approved by the board on 6 July 2007 and signed on its behalf



C Chapron
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 2006 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and 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 directors' report 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the directors' report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 judgments 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.

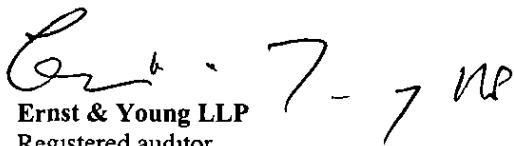
Wareham Ball Clay Company Limited

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

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 profit 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 directors' report is consistent with the financial statements


Ernst & Young LLP
Registered auditor
London

6 July 2007

Wareham Ball Clay Company Limited

**Profit and loss account
For the year ended 31 December 2006**

	Note	2006 £000	2005 £000
Turnover	1,2	360	391
Cost of sales		(91)	(195)
		<hr/>	<hr/>
Gross profit		269	196
Administrative expenses		(44)	(25)
		<hr/>	<hr/>
Operating profit	3	225	171
Interest receivable	5	64	48
Interest payable	6	(299)	(295)
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(10)	(76)
Tax on loss on ordinary activities	7	70	101
		<hr/>	<hr/>
Profit on ordinary activities after taxation	14	60	25
		<hr/>	<hr/>

All amounts relate to continuing operations

There were no recognised gains and losses for 2006 or 2005 other than those included in the profit and loss account

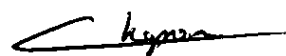
The notes on pages 7 to 12 form part of these financial statements

Wareham Ball Clay Company Limited

Balance Sheet As at 31 December 2006

	Note	£000	2006 £000	£000	2005 £000
Fixed assets					
Tangible fixed assets	8		72		158
Current assets					
Debtors	9	2,584		2,154	
Creditors: amounts falling due within one year	10	(6,925)		(6,641)	
Net current liabilities			(4,341)		(4,487)
Total assets less current liabilities			(4,269)		(4,329)
Provisions for liabilities					
Other provisions	12		(545)		(545)
Net liabilities			(4,814)		(4,874)
Capital and Reserves					
Called up share capital	13		1		1
Share premium account	14		3,005		3,005
Profit and loss account	14		(7,820)		(7,880)
Shareholders' funds - All equity	15		(4,814)		(4,874)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 6 July 2007



C Chapron
Director

The notes on pages 7 to 12 form part of these financial statements

**Notes to the financial statements
For the year ended 31 December 2006**

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 by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts, but inclusive of Landfill Tax

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 substantively 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 arrangement 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 of mineral sites. Such costs include the final capping of the site. The company provides for these costs over the life of the quarry

Wareham Ball Clay Company Limited

Notes to the financial statements For the year ended 31 December 2006

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

3. Operating profit

The operating profit is stated after charging

	2006 £000	2005 £000
Depreciation of tangible fixed assets		
- owned by the company	86	102
Auditors' remuneration	2	2
	<u> </u>	<u> </u>

During the year, no director received any remuneration in respect of his services as director of the company (2005 - £NIL)

4. Staff costs

The company does not directly employ any staff

5. Interest receivable

	2006 £000	2005 £000
Interest receivable from group companies	64	48
	<u> </u>	<u> </u>

6. Interest payable

	2006 £000	2005 £000
Discount on provisions	16	-
On loans from group undertakings	283	295
	<u> </u>	<u> </u>
	<u>299</u>	<u>295</u>

Wareham Ball Clay Company Limited

Notes to the financial statements For the year ended 31 December 2006

7. Taxation

	2006 £000	2005 £000
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profits for the year	19	-
Adjustments in respect of prior periods	(15)	-
Total current tax	<u>4</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	(25)	(31)
Adjustments in respect of prior periods	(49)	(70)
Total deferred tax (see note 11)	<u>(74)</u>	<u>(101)</u>
Tax on loss on ordinary activities	<u>(70)</u>	<u>(101)</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below

	2006 £000	2005 £000
Loss on ordinary activities before tax	<u>(10)</u>	<u>(76)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2005 - 30%)	(3)	(23)
Effects of:		
Expenses not deductible for tax purposes	1	8
Capital allowances for year in excess of depreciation	25	31
Utilisation of tax losses	(4)	(16)
Adjustments to tax charge in respect of prior periods	(15)	-
Current tax charge for the year (see note above)	<u>4</u>	<u>-</u>

Factors that may affect future tax charges

Announcements were made after the balance sheet date to changes in tax laws and rates that will have an effect on the deferred tax asset of the company. The change in the corporation tax rate from 30% to 28% has been substantively enacted. The company has not quantified the impact of these changes on the deferred tax asset at this stage.

The company has tax losses brought forward from previous years of £2,873,000 (2005 - £3,051,000) which are available indefinitely for relief against future trading profits.

Wareham Ball Clay Company Limited

Notes to the financial statements For the year ended 31 December 2006

8. Tangible fixed assets

	Land and buildings £000	Plant & machinery £000	Total £000
Cost			
At 1 January 2006 and 31 December 2006	516	2	518
Depreciation			
At 1 January 2006	358	2	360
Charge for the year	86	-	86
At 31 December 2006	444	2	446
Net book value			
At 31 December 2006	72	-	72
At 31 December 2005	158	-	158

The net book value of land and buildings may be analysed as follows

	2006 £000	2005 £000
Long leasehold property - mineral	36	74
Long leasehold property - buildings	3	7
Quarry engineering	33	77
	72	158

9. Debtors

	2006 £000	2005 £000
Amounts owed by group undertakings	1,476	1,128
Other debtors	1	-
Prepayments and accrued income	16	9
Deferred tax asset (see note 11)	1,091	1,017
	2,584	2,154

10. Creditors: Amounts falling due within one year

	2006 £000	2005 £000
Amounts owed to group undertakings	6,920	6,638
Corporation tax	5	-
Accruals and deferred income	-	3
	6,925	6,641

Wareham Ball Clay Company Limited

Notes to the financial statements For the year ended 31 December 2006

11. Deferred tax asset

	2006 £000	2005 £000
At 1 January 2006	1,017	916
Released during the year	74	101
	<u>1,091</u>	<u>1,017</u>
At 31 December 2006	<u>1,091</u>	<u>1,017</u>

The deferred tax asset is made up as follows

	2006 £000	2005 £000
Accelerated capital allowances	<u>1,091</u>	<u>1,017</u>

There is an unrecognised deferred tax asset in respect of tax losses brought forward of £862,000 (2005- £915,000), due to uncertainty as to the availability of future taxable profits

12. Provisions

	Site restoration provision £000
At 1 January 2006 and 31 December 2006	<u>545</u>

Site restoration provision

The provision for site restoration costs has been calculated in accordance with the accounting policy set out in note 16

13. Share capital

	2006 £000	2005 £000
Authorised		
1,000 "A" ordinary shares of £1 each	1	1
2 "B" ordinary shares of 50p each	-	-
	<u>1</u>	<u>1</u>
Allotted, called up and fully paid		
1,000 "A" ordinary shares of £1 each	1	1
1 "B" ordinary share of 50p each	-	-
	<u>1</u>	<u>1</u>

Wareham Ball Clay Company Limited

Notes to the financial statements For the year ended 31 December 2006

14. Reserves

	Share premium account £000	Profit and loss account £000
At 1 January 2006	3,005	(7,880)
Profit retained for the year	-	60
At 31 December 2006	<u>3,005</u>	<u>(7,820)</u>

15. Reconciliation of movement in shareholders' funds

	2006 £000	2005 £000
Opening shareholders' funds	(4,874)	(4,899)
Profit for the year	60	25
Closing shareholders' funds	<u>(4,814)</u>	<u>(4,874)</u>

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

17. Post balance sheet events

Announcements were made after the balance sheet date to changes in tax laws and rates that will have an effect on the deferred tax asset of the company (see note 7)

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