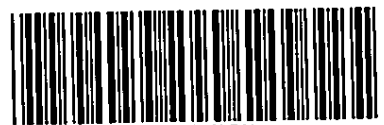


CANARY WHARF CONTRACTORS LIMITED
Registered Number: 2352250

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

SATURDAY



AJ8T50YX

A10

28/06/2008

477

COMPANIES HOUSE

CANARY WHARF CONTRACTORS LIMITED

FINANCIAL STATEMENTS

CONTENTS

	PAGE
Directors' Report	1
Statement of the Directors' Responsibilities in Respect of the Financial Statements	5
Independent Auditors' Report	6
Profit and Loss Account	8
Balance Sheet	9
Notes to the Financial Statements	10

CANARY WHARF CONTRACTORS LIMITED

THE DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

The directors present their report with the audited financial statements for the year ended 31 December 2007

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The company is a wholly owned subsidiary of Canary Wharf Group plc and its ultimate parent undertaking is Songbird Estates plc

The principal activity of the company is building contracting. All activities take place within the United Kingdom. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

During the year, construction continued on 1.3 million sq ft of development on the Canary Wharf Estate in four separate buildings.

As shown in the company's profit and loss account, the company's profit after tax for the year was £1,266,120 (2006 £576,079).

The balance sheet shows the company's financial position at the year end and indicates that net assets were £1,335,129 (2006 £710,357). Details of amounts owed to group companies are shown in Note 10.

The Canary Wharf Group (comprising Canary Wharf Group plc and its subsidiaries) manages its operations on a unified basis. For this reason, the company's directors believe that key performance indicators specific to the company are not necessary or appropriate for an understanding of the development, performance or position of its business. The performance of the Canary Wharf Group, which includes the company, is discussed in the Annual Report of Canary Wharf Group plc, which does not form part of this report.

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

DIVIDENDS AND RESERVES

The profit and loss account for the year ended 31 December 2007 is set out on page 8. Dividends of £600,000 (2006 £100,000) have been paid during the year and the retained profit of £666,120 (2006 profit of £476,079) has been transferred to reserves.

DIRECTORS

The directors of the company throughout the year ended 31 December 2007 were:

A P Anderson II
G Iacobescu
R J J Lyons

The group has in place liability insurance covering the directors and other officers of group companies.

CANARY WHARF CONTRACTORS LIMITED

THE DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

PRINCIPAL RISKS AND UNCERTAINTIES

As a member of the Canary Wharf Group the key risks facing the company include the cyclical nature of the property and construction markets, financing risk and concentration risk

The core construction business of the company is subject to many external economic and market factors which are cyclical in nature. These cycles manifest themselves by such factors as the oversupply of available space in the office market, a decline in tenant demand for space in London or a change in the market perception of property as an investment. Such potential factors are monitored in order to ensure that the company can react swiftly and flexibly should the need arise. The upheaval in the financial markets during 2007 triggered by the problems in the US sub prime mortgage market impacted onto the UK property and financial markets in general. The impact of this market and banking upheaval on the business of the company has been, and continues to be, closely monitored.

The broader economic cycle inevitably leads to movement in inflation, interest rates and bond yields. The company finances its operations largely through surplus cash and intercompany finance.

Canary Wharf Group's real estate assets are currently located on or adjacent to the Canary Wharf Estate. Wherever possible steps are taken to mitigate or avoid material consequence arising from this concentration.

The principal risks facing the Canary Wharf Group are discussed in the Annual Report of Canary Wharf Group plc, which does not form part of this report.

POLICY ON THE PAYMENT OF CREDITORS

In respect of the company's suppliers it is the company's policy to settle the terms of payment with those suppliers when agreeing the terms of each transaction, ensure that those suppliers are made aware of the terms of payment and abide by the terms of payment.

The number of days of purchases outstanding at 31 December 2007 was 2 (2006: 5).

EMPLOYMENT POLICIES

The company keeps employees informed of events relevant to their employment. There is a policy to recruit and train disabled workers for those vacancies they are able to fill. It is also the policy of the group to make all employment decisions based upon the applicant's ability, experience and qualification without regard to age, sex, race, colour, sexual orientation, ethnic origin, disability or marital status.

CANARY WHARF CONTRACTORS LIMITED

THE DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

ENVIRONMENTAL POLICY

The company contributes to and operates within the Canary Wharf Group Environmental Policy and was recently named by the Sunday Times as one of the 50 best green companies in the UK. The company is committed to fully understanding the environmental and social impacts of development on the Canary Wharf Estate, and as appropriate, outside projects. As a result, it is also committed to applying environmental best practice wherever practical in the design, construction and management of buildings and their surroundings for the benefit of tenants, employees, the local community, shareholders and the environment. As a wholly owned subsidiary of Canary Wharf Group plc, the company has maintained ISO 14001 accreditation since early 2005 with environmental management being an inherent part of construction since 2002.

The company is a member of the Considerate Constructors Scheme, the UK Building Council Better Buildings Partnership and the Green 500.

HEALTH AND SAFETY

It is the Canary Wharf Group's policy, within which the company operates, that the working conditions of its employees should incorporate the best standards of health, safety and welfare that can reasonably be achieved and that all premises are maintained as safe environments. When striving to create the best standards of the built environment the Canary Wharf Group seeks to promote a safe and healthy working environment for its employees, tenants and visitors. All legislation relating to health and safety is observed both in letter and in spirit.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

Each director holding office at the date of this report has taken all the steps that he ought to have taken as a director in order to make himself aware of relevant audit information and to establish that the company's auditors are aware of that information. As far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware.

This confirmation is given and should be interpreted in accordance with the provisions of Section 234 ZA of the Companies Act 1985.


CANARY WHARF CONTRACTORS LIMITED

THE DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

AUDITORS

Elective resolutions to dispense with holding annual general meetings, the laying of financial statements before the company in general meeting and the appointment of auditors annually are currently in force. The auditors, Deloitte & Touche LLP, will therefore be deemed to have been reappointed at the end of the period of 28 days, beginning the day on which copies of this report and financial statements are sent to members unless a resolution is passed under section 393 of the Companies Act 1985 to the effect that their appointment be brought to an end.

BY ORDER OF THE BOARD



Joint Secretary

A M Holland

26 June 2008

Registered office
30th Floor
One Canada Square
Canary Wharf
London
E14 5AB

CANARY WHARF CONTRACTORS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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 the year then ended. 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.

CANARY WHARF CONTRACTORS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CANARY WHARF CONTRACTORS LIMITED

We have audited the financial statements of Canary Wharf Contractors Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, 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 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 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 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.

CANARY WHARF CONTRACTORS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CANARY WHARF CONTRACTORS LIMITED

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 company's affairs as at 31 December 2007 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



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

26 June 2008

CANARY WHARF CONTRACTORS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	Year Ended 31 December 2007 £	Year Ended 31 December 2006 £
TURNOVER		153,769,877	70,194,213
Cost of sales		(152,175,290)	(69,502,267)
GROSS PROFIT		1,594,587	691,946
Administrative expenses		(324,659)	(76,502)
OPERATING PROFIT	2	1,269,928	615,444
Interest receivable and similar income	4	68,774	37,760
Interest payable and similar charges	5	(2,658)	(768)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,336,044	652,436
Tax on profit on ordinary activities	6	(69,924)	(76,357)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE YEAR	14	1,266,120	576,079

Movements in reserves are shown in Note 14 of these financial statements

All amounts relate to continuing activities in the United Kingdom

There were no recognised gains and losses for the year ended 31 December 2007 or the year ended 31 December 2006 other than those included in the profit and loss account

The Notes on pages 10 to 17 form an integral part of these financial statements

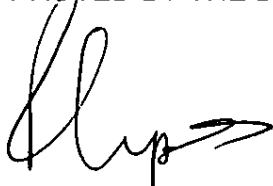
CANARY WHARF CONTRACTORS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2007

	Note	31 December 2007 £	31 December 2006 £
CURRENT ASSETS			
Work in progress	8	19,496,484	7,466,444
Debtors	9		
Amounts falling due after one year		549,380,002	616,158,667
Amounts falling due within one year		837,786,821	802,634,835
Cash in hand		3,353,900	1,655,071
		<u>1,410,017,207</u>	<u>1,427,915,017</u>
CREDITORS: Amounts falling due within one year	10	<u>(863,945,630)</u>	<u>(725,806,842)</u>
NET CURRENT ASSETS		<u>546,071,577</u>	<u>702,108,175</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>546,071,577</u>	<u>702,108,175</u>
CREDITORS: Amounts falling due after more than one year	11	<u>(544,736,448)</u>	<u>(701,397,818)</u>
NET ASSETS		<u>1,335,129</u>	<u>710,357</u>
CAPITAL AND RESERVES			
Called-up share capital	13	2	2
Profit and loss account	14	<u>1,335,127</u>	<u>710,355</u>
SHAREHOLDERS' FUNDS	15	<u>1,335,129</u>	<u>710,357</u>

The Notes on pages 10 to 17 form an integral part of these financial statements

APPROVED BY THE BOARD ON 26 JUNE 2008 AND SIGNED ON ITS BEHALF BY


 R J J LYONS
 DIRECTOR

CANARY WHARF CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

1. PRINCIPAL ACCOUNTING POLICIES

A summary of the principal accounting policies of the company, all of which have been applied consistently throughout the year and the preceding year, is set out below

Accounting convention

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

In accordance with the provisions of FRS 1 (Revised) the company is exempt from the requirements to prepare a cash flow statement, as it is a wholly-owned subsidiary of Canary Wharf Group plc, which has prepared a consolidated cash flow statement

Interest receivable and interest payable

Interest receivable and payable are recognised in the period in which they fall due. Interest earned on amounts received in advance of future construction work is deferred and included within creditors as a component of payments on account.

Turnover

Turnover represents amounts charged, net of VAT, in respect of the provision of building services.

Work in progress

Work in progress is stated at the lower of cost and net realisable value. Cost includes construction costs and development expenditure, including employee and related costs.

CANARY WHARF CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

Deferred taxation

Deferred tax assets and liabilities arise from timing differences between the recognition of gains and losses in the financial statements and their recognition in the corporation tax return

Under FRS 19 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. A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements.

Deferred tax is measured on a discounted basis to reflect the time value of money over the period between the balance sheet date and the dates on which it is estimated that the timing differences will reverse, or where the timing differences are not expected to reverse, a period not exceeding 50 years. Discount rates of 3.1% to 3.2% have been adopted reflecting the post-tax yield to maturity that can be obtained on government bonds with similar maturity dates and currencies to those of the deferred tax assets or liabilities.

Pensions

The company operates a defined contribution pension scheme. Pension contributions in respect of this scheme are accrued as they fall due.

Share option schemes

The economic cost to the company of share option schemes is charged to the same expense category as the employment cost of the relevant employee, spread on a straight line basis over the relevant performance criteria period.

The economic cost represents either the acquisition cost of the shares or the market value of the shares at the date the options are granted, less any amount recoverable from the employee.

Where relevant, provision is made for employers' National Insurance contributions based on the market value of the share options at the balance sheet date and spread on a straight line basis over the period of the relevant performance criteria.

CANARY WHARF CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

2. OPERATING PROFIT

Operating profit is stated after charging

	Year Ended 31 December 2007 £	Year Ended 31 December 2006 £
Remuneration of the auditors		
Audit fees for the audit of the company	11,000	11,000

3. EMPLOYEE INFORMATION

	Year Ended 31 December 2007 £	Year Ended 31 December 2006 £
Wages and salaries	17,208,277	10,339,480
Social security costs	2,086,250	1,251,648
Other pension costs (Note 16)	1,498,588	1,135,830
	<u>20,793,115</u>	<u>12,726,958</u>

The average number of persons employed by the company during the year was 205 (2006 114), all of which were construction employees

None of the directors received any emoluments in respect of their services to the company during the year or the prior year

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year Ended 31 December 2007 £	Year Ended 31 December 2006 £
Bank interest receivable	68,774	37,760
Interest receivable from group undertakings	53,679,221	56,894,232
Less Interest transferred to payment on account (Note 12)	(59,916,708)	(62,171,874)
Interest on construction prepayments	6,237,487	5,277,642
	<u>68,774</u>	<u>37,760</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	Year Ended 31 December 2007 £	Year Ended 31 December 2006 £
Bank charges	2,658	768

CANARY WHARF CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

6. TAXATION

	Year Ended 31 December 2007 £	Year Ended 31 December 2006 £
Current tax		
UK Corporation tax (see below)	—	—
Deferred tax		
Origination and reversal of timing differences	19,475	92,121
Net effect of discount	50,449	(15,764)
Total deferred tax (Note 9)	69,924	76,357
Tax reconciliation		
Profit on ordinary activities before tax	1,336,044	652,436
Tax on profit on ordinary activities at UK corporation tax rate of 30%	400,813	195,731
Effects of		
Tax losses and other timing differences	(400,813)	(195,731)
Current tax charge for the year	—	—

No provision for corporation tax has been made since the profit for the year will be covered by the group relief expected to be made available to the company by other companies in the group. No charge will be made by other group companies for the surrender of group relief. It is anticipated that group relief and other tax reliefs will impact on future tax charges. There is no unprovided deferred taxation.

7. DIVIDENDS

	Year Ended 31 December 2007 £	Year Ended 31 December 2006 £
Dividends paid during the year (£300,000 per share) (2006 £50,000 per share)	600,000	100,000

CANARY WHARF CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

8. WORK IN PROGRESS

	31 December 2007 £	31 December 2006 £
Work in progress at cost	<u>19,496,484</u>	<u>7,466,444</u>
Movement in the carrying value of work in progress during the year		£
At 1 January 2007		7,466,444
Additions		164,205,330
Released to cost of sales		<u>(152,175,290)</u>
At 31 December 2007		<u>19,496,484</u>

9. DEBTORS

	31 December 2007 £	31 December 2006 £
Due within one year		
Trade debtors	922,257	3,012,843
Amount owed by parent undertaking	196,398	209,128
Amounts owed by fellow subsidiary undertakings	579,030,013	409,035,322
Other debtors	55,591	5,446,059
Deferred tax	222,205	292,129
Prepayments and accrued income	<u>257,360,357</u>	<u>384,639,354</u>
	<u>837,786,821</u>	<u>802,634,835</u>
Due in more than one year		
Loan to fellow subsidiary undertaking	<u>549,380,002</u>	<u>616,158,667</u>

The loan to a fellow subsidiary undertaking bears interest at 9% and is repayable in 2017

The deferred tax debtor relates to the present value of capital allowances of £322,460 (2006 £345,493), stated net of a discount of £100,255 (2006 £53,364)

CANARY WHARF CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

10. CREDITORS: Amounts falling due within one year

	31 December 2007 £	31 December 2006 £
Payments received on account	262,069,000	179,093,000
Trade creditors	4,234,504	4,449,935
Amount owed to parent undertaking	7,748,791	7,645,291
Amounts owed to fellow subsidiary undertakings	575,881,849	533,487,990
Other taxes and social security	2,230,496	1,119,626
Other creditors	10,778,304	–
Accruals	1,002,686	11,000
	<u>863,945,630</u>	<u>725,806,842</u>

11. CREDITORS: Amounts falling due after more than one year

	31 December 2007 £	31 December 2006 £
Payments received on account	<u>544,736,448</u>	<u>701,397,818</u>

12. PAYMENTS ON ACCOUNT

	Balance of initial payment £	Interest £	Total £
Balance as at 1 January 2007	227,300,410	653,190,408	880,490,818
Interest (Note 4)	–	59,916,708	59,916,708
Allocated to turnover	<u>(27,248,602)</u>	<u>(106,353,476)</u>	<u>(133,602,078)</u>
Balance as at 31 December 2007	<u>200,051,808</u>	<u>606,753,640</u>	<u>806,805,448</u>

The company has entered into an agreement with a fellow subsidiary whereby it designs and constructs certain buildings and the associated infrastructure at Canary Wharf in return for a fee which will accrue over the life of the project. The company has received an initial payment of £1 billion on account, equal to the estimated sums due including fees, discounted at an annual rate of 9% in accordance with the agreement. The fee is allocated against the initial payment as it becomes due.

Of the above amount, £262,069,000 (2006 £179,093,000) is included in creditors falling due within one year of the balance sheet date.

CANARY WHARF CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

13. CALLED-UP SHARE CAPITAL

Authorised share capital:

	31 December 2007	31 December 2006
	£	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	31 December 2007	31 December 2006
	£	£
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

14. RESERVES

	Profit and loss account £
At 1 January 2007	710,355
Profit for the year	1,266,120
Dividends	(600,000)
Reserve movement in respect of share option schemes	(41,348)
At 31 December 2007	<u>1,335,127</u>

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 December 2007	31 December 2006
	£	£
Opening shareholders' funds	710,357	156,015
Profit for the year	1,266,120	576,079
Dividends	(600,000)	(100,000)
Reserve movement in respect of share option schemes	(41,348)	78,263
Closing shareholders' funds	<u>1,335,129</u>	<u>710,357</u>

16. PENSIONS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge, which amounted to £1,498,588 for the year (2006 £1,135,830), represents contributions payable by the company to the scheme.

CANARY WHARF CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

17. CAPITAL COMMITMENTS

As at 31 December 2007 the company had given fixed and floating charges over substantially all its assets to secure the commitments of certain other group undertakings

18. RELATED PARTIES

The company's immediate parent undertaking is Canary Wharf Holdings Limited and its ultimate parent undertaking is Songbird Estates plc, both companies are registered in England and Wales

As at 31 December 2007, Songbird Estates plc was the parent company of the largest group of which the company is a member and Canary Wharf Group plc was the parent undertaking of the smallest group of which the company is a member. Copies of the financial statements of Songbird Estates plc and Canary Wharf Group plc may be obtained from the Company Secretary, One Canada Square, Canary Wharf, London E14 5AB

The directors have taken advantage of the exemption in paragraph 3(c) of FRS8 allowing the company not to disclose related party transactions with respect to other group companies