

EIDERHOW LIMITED

Director's report and Financial Statements

31 December 2005

Registered number 2501997



EIDERHOW LIMITED

Director's report and Financial Statements

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EIDERHOW LIMITED

Director's report

The Director submits to the shareholders his report and the audited Financial Statements for the year ended 31 December 2005.

Principal activities and business review

The company did not trade in the year. The Director does not foresee any changes in activities in the future.

Going Concern

At the year end the company's balance sheet shows net liabilities of £637,687. The financial statements are prepared on a going concern basis as the company's management believes that it will be able to meet all its liabilities as they fall due for payment based on the financial support letter provided by the ultimate holding company and the undertaking provided by the holding company not to call for settlement of amounts owing to the group, where to do so would place the company in an insolvent position.

Results and dividends

The profit for the year was £79,471 (2004: profit of £365,644). The Director does not recommend payment of a dividend (2004: £nil).

Directors and their interests

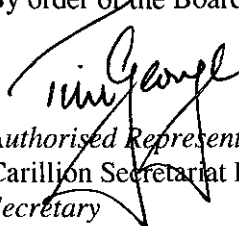
The following served as Directors during the year:

Carillion Management Limited (formerly Mowlem Management Limited)

The Director does not have any interests in the share capital of the Company, its ultimate holding company, Carillion JM Limited (formerly Mowlem plc), or any other group company.

There were no other contracts or arrangements in which the Director of the company had interests which are required to be disclosed under the Companies Act 1985.

By order of the Board


Authorised Representative
Carillion Secretariat Limited
Secretary

24 Birch Street
Wolverhampton
West Midlands
WV1 4HY

16 October 2006

EIDERHOW LIMITED

Statement of Directors' responsibilities in respect of the Directors' Report and the Financial Statements

The directors are responsible for preparing the Directors' 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 UK Accounting Standards.

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 judgements 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; 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 that 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Under applicable law the directors are also responsible for preparing a Directors' Report that complies with that law.

Independent auditors' report to the members of Eiderhow Limited

We have audited the Financial Statements of Eiderhow Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. 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

As described in the Statement of Directors' Responsibilities on page 2, the company's directors are responsible for the preparation of the Financial Statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 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 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.

Opinion

In our opinion the Financial Statements:

- give a true and fair view, in accordance with UK 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.



KPMG Audit Plc
Chartered Accountants
Registered Auditor

8 Salisbury Square
London
EC4Y 8BB
2006

16 October

EIDERHOW LIMITED

Profit and loss account

for the year ended 31 December 2005

	Note	2005 £	2004 £
Operating credit		79,471	365,644
Interest payable		-	-
Profit on ordinary activities before taxation		79,471	365,644
Tax on profit on ordinary activities	4	-	-
Profit for the financial year		79,471	365,644
Deficit brought forward		(717,160)	(1,082,804)
Deficit carried forward		(637,689)	(717,160)

There were no trading activities during the year. The operating credit represents a writeback of a prior year accrual (2004 : writeback of an intercompany creditor).

There were no recognised gains or losses other than the profit for the year. There were no movements in shareholders' funds other than the profit for the year shown above and accordingly, no reconciliation of movements in shareholder's funds is given.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the financial year and their historical equivalents.


EIDERHOW LIMITED

Balance sheet

at 31 December 2005

	Note	2005 £	2004 £
Creditors: amounts falling due			
within one year	5	<u>(637,687)</u>	<u>(717,158)</u>
Net liabilities		<u><u>(637,687)</u></u>	<u><u>(717,158)</u></u>
Capital and reserves			
Called up share capital	10	2	2
Profit and loss account		<u>(637,689)</u>	<u>(717,160)</u>
Equity shareholders' funds – deficit		<u><u>(637,687)</u></u>	<u><u>(717,158)</u></u>

These Financial Statements were approved by the board of directors on *16 October* 2006 and were signed on its behalf by:


Carillion Management Limited
Director

EIDERHOW LIMITED

Notes to the Financial Statements

for the year ended 31 December 2005

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's Financial Statements. In these Financial Statements the following new standard has been adopted for the first time.

- FRS 21 'Events after the balance sheet date'

There has been no effect of the change in accounting policy on the current or prior year.

Basis of Preparation

The Financial Statements are prepared under the historical cost convention and in accordance with applicable Accounting Standards.

Going Concern

At the year end the company's balance sheet shows net liabilities of £637,687. The financial statements are prepared on a going concern basis as the company's management believes that it will be able to meet all its liabilities as they fall due for payment based on the financial support letter provided by the ultimate holding company and the undertaking provided by the holding company not to call for settlement of amounts owing to the group, where to do so would place the company in an insolvent position.

Taxation

The charge for taxation is based on the loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is provided in respect of all timing differences that have originated but not reversed at the balance sheet date where an event has occurred that results in an obligation to pay more or less tax in the future, except that :

- (i) Provision is not made in respect of revaluation surpluses
- (ii) Deferred tax assets are recognised only to the extent that it is more likely than not that there will be suitable taxable profits in the future

Deferred tax is measured on a non-discounted basis at the tax rate applying on the balance sheet date.

EIDERHOW LIMITED

Notes to the Financial Statements

for the year ended 31 December 2005 (continued)

2. Auditors' remuneration

The auditors' remuneration for 2005 was paid by Carillion JM Limited (formerly Mowlem plc), the ultimate holding company.

3. Employees

The company had no employees during the year or the previous financial year.

4. Taxation on profit on ordinary activities

	2005 £	2004 £
Analysis of charge for the year:		
Current tax		
UK corporation tax on profit for the year	-	-
Adjustments in respect of previous periods	-	-
Tax charge for the year	-	-

Factors affecting tax charge for the year

The tax assessed differs from the application of the standard rate of corporation tax in the UK (30%) to the company's profit before taxation for the following reasons:

	2005 £	2004 £
Profit on ordinary activities before tax	79,471	365,644
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK (30%)	(23,841)	(109,693)
Effects of:		
Utilisation of tax losses	23,841	109,693
Adjustments to tax charges of previous periods	-	-
Total current tax charge for the year	-	-

EIDERHOW LIMITED

Notes to the Financial Statements

for the year ended 31 December 2005 (continued)

5. Creditors: amounts falling due within one year

	2005	2004
	£	£
Amounts owed to parent company	637,687	637,687
Other creditors and accruals	-	79,471
	<u>637,687</u>	<u>717,158</u>

6. Share capital

	2005	2004
	£	£
Authorised, allotted, called up and fully paid:- 2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

7. Related party disclosures

As a Group subsidiary of Carillion JM Limited (formerly Mowlem plc) the Company is exempt from the requirements of FRS 8 'Related Party Transactions', to disclose transactions with entities that are part of the group or investees of the group qualifying as related parties

8. Cashflow

Under Financial Reporting Standard 1 (Revised 1996), the company is exempt from the requirement to prepare a cash flow statement, being a wholly owned subsidiary of a parent undertaking established under the law of a member state of the European Community.

9. Ultimate and controlling holding company

The results of the company are included in the consolidated Financial Statements of Carillion JM Limited (formerly Mowlem plc), its ultimate United Kingdom parent undertaking, a company registered in England, copies of whose Financial Statements can be obtained from: The Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ

Subsequent to the year-end, on 23 February 2006, Carillion JM Limited (formerly Mowlem plc) was acquired by Carillion Plc.