SWANBEACH LIMITED

REPORT AND ACCOUNTS

31 December 2005

REPORT OF THE DIRECTORS

The directors present their report and audited accounts for the year ended 31 December 2005.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activity of the company is the recycling of by-products arising from road work excavations – material previously deemed as waste and sent to landfill. Products from excavation work are recycled at the company's designated recycling centres and sold for reuse to a number of companies for a variety of construction activities.

On the 6 February 2005, the trade and assets of the company were sold to Tarmac Recycling Limited, and there are no plans to continue with the trade from this date.

RESULTS AND DIVIDENDS

The results of the company for the year are set out in detail on page 4. The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2005 (2004: £nil).

DIRECTORS

The directors who served during the year are as follows:

N D Cocker (resigned 28th April 2006)
R W Memmott (appointed 28th April 2006)

DIRECTORS INTERESTS

None of the directors had an interest in the share capital of the company during the year.

The shareholdings of N D Cocker in Alfred McAlpine PLC are shown in the notes to the financial statements of Alfred McAlpine Infrastructure Services Limited.

FINANCIAL RISK MANAGEMENT

The company's activities expose it to a variety of financial risks including credit risk. The company is part of the Alfred McAlpine plc's overall risk management programme which seeks to minimise potential adverse effects on the company's financial performance. The company has no significant concentrations of credit risk. It has policies in place to ensure that sales of services are made to customers with an appropriate credit history.

SUPPLIER PAYMENT POLICY

It is the policy of the company to make payment on their standard terms to suppliers unless alternative terms are agreed. The company seeks to abide by these payment terms, provided that it is satisfied that the supplier has complied with the agreed terms and conditions. The company's average creditor days during the year were 62 days (2004: 67 days).

REPORT OF THE DIRECTORS (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2005 and that applicable accounting standards have been followed.

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.

AUDITORS

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board

R W Memmott
Director

30 October 2006

Independent auditors' report to the members of Swanbeach Limited

We have audited the financial statements of Swanbeach Ltd for the year ended 31st December 2005 which comprise of 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.

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 law and United Kingdom Accounting Standards (United Kingdom 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). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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.

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 United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31st December 2005 and of its loss for the year then ended; and

- have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
31 October 2006

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2005

	Note	**2005** **£'000**	2004 £'000
TURNOVER	1	218	1,011
Cost of sales		(243)	(990)
Cost of sales – exceptional site clearance costs	2	(340)	-
Total cost of sales		(583)	(990)
GROSS (LOSS)/PROFIT		(365)	21
Operating expenses		(62)	(206)
Operating income		-	343
OPERATING (LOSS)/PROFIT	2	(427)	158
Interest receivable and similar income	5	1	3
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(426)	161
Tax credit/(charge) on loss on ordinary activities	6	135	(55)
(LOSS)/RETAINED PROFIT FOR THE FINANCIAL YEAR	12	(291)	106

There are no recognised gains and losses other than the loss for the year and the preceding year.

All the activities relate to discontinued operations.

BALANCE SHEET
31 December 2005

	Note		2005 £'000		2004 £'000
FIXED ASSETS					
Tangible assets	7		-		12
CURRENT ASSETS					
Debtors	8	211		671	
Cash at bank and in hand		4		99	
		215		770	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	9	(535)		(811)	
NET CURRENT LIABILITIES			(320)		(41)
TOTAL ASSETS LESS CURRENT LIABILITIES			(320)		(29)
NET LIABILITIES			(320)		(29)
CAPITAL AND RESERVES					
Called up share capital	11		100		100
Profit and loss account	12		(420)		(129)
Equity shareholders' deficit	13		(320)		(29)

APPROVED BY THE BOARD OF DIRECTORS

R W Memmott

30 October 2006

NOTES TO THE ACCOUNTS
31 December 2005

1. ACCOUNTING POLICIES

The financial statements are prepared under the historical cost convention, on a going concern basis and in accordance with applicable accounting standards and the Companies Act 1985. The principal accounting policies adopted and applied consistently, are as follows:

BASIS OF PREPARATION

The financial statements have been prepared using the going concern principle due to support from the parent company which will enable the company to meet its obligations for the foreseeable future.

GOING CONCERN

The company has net current liabilities of £320,045 (2004: £41,304) and net liabilities of £320,045 (2004: £28,735). The company's parent undertaking Alfred McAlpine plc has confirmed that it will continue to provide adequate financial support to enable the company to continue in operational existence for the foreseeable future. Consequently the directors consider it is appropriate for the accounts to be prepared on a going concern basis.

TURNOVER

Turnover represents amounts derived from the provision of goods and services within the UK which fall within the company's ordinary activities after deduction of trade discounts and value added tax. The turnover is attributable to one activity, the recycling of road works by-products. Turnover is recognised upon invoicing of the work performed.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Cost represents the purchase price of the tangible fixed assets plus appropriate installation works. Interest is not capitalised.

Depreciation is provided at rates estimated to write off fixed assets over their anticipated lives and is applied from the month following that in which they are first brought into use.

The rates are as follows:
Plant and machinery - 33% per annum on cost

DEFERRED TAXATION

Full provision is made at anticipated rates for taxation deferred as a result of accelerated capital allowances and other timing differences.

CASH FLOW STATEMENT

The company is a wholly-owned subsidiary of Alfred McAlpine PLC and is included in the consolidated financial statements of Alfred McAlpine PLC, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996).

NOTES TO THE ACCOUNTS
31 December 2005

1. **ACCOUNTING POLICIES** (continued)

LEASES

Operating lease rentals are charged to income in equal amounts over the lease term. Assets obtained under finance leases and hire purchase contracts are capitalised at their fair values on acquisition and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

2. **OPERATING PROFIT**

	2005	2004
	£'000	£'000
Operating profit is arrived at after charging/ (crediting):		
Depreciation	2	15
Hire of plant and machinery	104	278
Auditors' remuneration - taxation services	-	1
Management charge to group companies	-	(343)
Profit on sale of fixed assets	(4)	-

The parent company Alfred McAlpine Infrastructure Services Limited has borne any audit and tax fees in the year relating to Swanbeach Limited

Following the sale of the trade and assets to Tarmac Recycling Limited on 6 February 2005, the company had to clear the site from which it operated to meet the requirements of the property tenancy agreements which expired on 31 October 2005. The costs of the site clearance and full and final settlement with the landlord was achieved, but led to an exceptional charge for site clearance costs of £340,000 in the financial year.

3. **EMPLOYEES**

The company does not have any employees of its own but has staff seconded to the company from related parties. The average number of persons seconded to the company was:

	2005	2004
	Number	Number
Production	2	4
Sales and Distribution	-	2
Administrative staff	-	2
	2	8

NOTES TO THE ACCOUNTS
31 December 2005

The cost of staff seconded to the company was:

	2005 £'000	2004 £'000
Wages and salaries	41	175
Social security costs	5	18
	46	193

4. **DIRECTORS**

None of the directors received any remuneration during the year (2004 – £nil). Their services to this company and to a number of fellow subsidiaries are of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to the parent company and various intermediate parent companies. Accordingly the above details include no emoluments in respect of these directors.

5. **INTEREST RECEIVABLE AND SIMILAR INCOME**

	2005 £'000	2004 £'000
Bank interest	1	3

6. a) **TAX ON PROFIT ON ORDINARY ACTIVITIES**

	2005 £'000	2004 £'000
Taxation is based on the (loss)/profit for the year and comprises:		
Receipt for group relief at 30% of taxable loss	(140)	-
Prior year corporation tax adjustment	(1)	-
Current taxation (credit)/ charge for the year	(141)	-
Deferred tax charge for year	6	55
Total tax charge for year	(135)	55

b) **PROOF OF TAX**

	2005	2004
(Loss)/profit on ordinary activities before tax	(426)	162
(Loss)/profit on ordinary activities at 30% (2004: 30%)	(128)	48
Effects of:		
Accelerated capital allowances and other timing differences	(12)	(48)
Prior year corporation tax adjustment	(1)	-
Current taxation (credit)/charge for the year	(141)	-

NOTES TO THE ACCOUNTS
31 December 2005

7. TANGIBLE FIXED ASSETS

	Plant and Machinery £'000
Cost:	
At 1 January 2005	46
Disposals	(46)
At 31 December 2005	-
Accumulated Depreciation:	
At 1 January 2005	34
Charge for the year	2
Disposals	(36)
At 31 December 2005	-
Net book value:	
At 31 December 2005	-
At 31 December 2004	12

There is no future capital expenditure contracted for but not provided in the accounts (2004: £nil).

8. DEBTORS

	2005 £'000	2004 £'000
Due within one year:		
Trade debtors	31	149
Amounts owed by group undertakings	-	511
Corporation tax recoverable from group undertakings	140	-
Deferred tax (note 10)	5	11
Other taxation and social security	35	-
	211	671

Amounts due from group undertakings are interest free, unsecured and repayable on demand.

NOTES TO THE ACCOUNTS
31 December 2005

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005 £'000	2004 £'000
Trade creditors	16	226
Amounts owed to group undertakings	509	466
Accruals and deferred income	10	33
Other taxation and social security	-	86
	535	811

Amounts due to group undertakings are interest free, unsecured and repayable on demand.

10. DEFERRED TAXATION

	2005 £'000	2004 £'000
Short term timing differences	5	-
Accelerated capital allowances	-	11
Deferred taxation asset	5	11

<u>*Movement in deferred tax asset*</u>

	£'000
Deferred taxation asset at 1 January 2005	11
Charge for the year	(6)
Deferred taxation asset at 31 December 2005	5

The deferred taxation asset of £5,096 (2004: £11,096) is included in other debtors. There is no unprovided deferred taxation in the current or prior year.

NOTES TO THE ACCOUNTS
31 December 2005

11. CALLED UP SHARE CAPITAL

	2005 £'000	2004 £'000
Authorised, allotted and fully paid:		
100,000 Ordinary shares of £1 each fully paid	100	100

12. PROFIT AND LOSS ACCOUNT

	2005 £
At 1 January 2005	(129)
Loss for the year	(291)
At 31 December 2005	(420)

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2005 £'000	2004 £'000
(Loss)/profit for the financial year	(291)	106
Opening shareholders' deficit	(29)	(135)
Closing shareholders' deficit	(320)	(29)

14. ULTIMATE PARENT COMPANY

The company's immediate parent company is Alfred McAlpine Infrastructure Services Limited which is incorporated in England and Wales. The ultimate parent company is Alfred McAlpine PLC which is incorporated in England and Wales.

The company has taken advantage of the exemptions provided by FRS 8 not to disclose transactions with entities that are part of the same group.

Alfred McAlpine Infrastructure Services Limited intend to provide support for the Company to allow them to meet their liabilities as they fall due for at least 12 months from the date of signature of the balance sheet.

Copies of the financial statements of Alfred McAlpine Infrastructure Services Limited and group financial statements of Alfred McAlpine PLC are available from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.