

**JOHN LAING PROJECTS & DEVELOPMENTS (HOLDINGS)
LIMITED**
Formerly trading as The Cornwall & Plymouth Railway Company Limited

**DIRECTORS' REPORT
AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2006**



Registered Number: 4252518

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

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JOHN LAING PROJECTS & DEVELOPMENTS (HOLDINGS) LIMITED
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DIRECTORS AND ADVISORS

Directors

R W Brighthouse (appointed 10 January 2007)
J Kerr (appointed 08 November 2006)
A S Pearson (appointed 15 December 2006)
D Potts (resigned 08 November 2006)
S D Schneider (appointed 15 December 2006)
R Weston (appointed 08 November 2006)
R A Whight (appointed 15 December 2006)

Company secretary and registered office

P G Shell
Allington House
150 Victoria Street
London SW1E 5LB

Auditors

Deloitte & Touche LLP
Chartered Accountants
London

Principal banker

National Westminster Bank Plc
1 Princess Street
London EC2R 8PA

DIRECTORS' REPORT

The Directors submit their annual report and the audited financial statements for the year ended 31 December 2006.

The Directors report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985.

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The Company is a wholly owned subsidiary of Laing Investments Limited and the ultimate parent undertaking is Henderson Infrastructure Holdco (Jersey) Limited.

The principal activity of the Company is the holding of investments in PFI and development projects in the United Kingdom.

On 19 September 2006 the Company changed its name from The Cornwall & Plymouth Railway Company to John Laing Rail Limited, and on 9 November 2006 to John Laing Projects & Developments Limited, with a further change to John Laing Projects & Developments (Holdings) Limited on the 9 January 2007.

The Company acquired investments in John Laing Projects & Developments Limited (formerly trading as Laing Rail Projects Limited), Aylesbury Vale Parkway Limited and Coleshill Parkway Limited. The purchase of these companies was by means of the issuing of shares.

FUTURE DEVELOPMENTS

The Directors plan for the Company to invest in future development projects solely and through joint ventures.

RESULTS AND DIVIDENDS

The loss for the year before taxation amounted to £3,107 (2005 - £nil). After group relief credit of £932 (2005 charge - £nil), loss for the year was £2,175 (2005 - £nil).

The Directors do not recommend the payment of a dividend (2005 - £nil).

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who is a Director at the date of approval of this report confirms that:

- as far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of S234ZA of the Companies Act 1985.

DIRECTORS

The Directors who served throughout the year are shown on page 1.

DIRECTORS' INTERESTS

No Director held any interests in the shares of the Company, or had any personal interest in any significant or material contract with the Company, during the year ended 31 December 2006.

The interests of R Weston in the share capital of the Company's ultimate parent undertaking (as disclosed in note 14) are disclosed in the accounts of John Laing plc.

LONG-TERM INCENTIVE SCHEMES

Under the John Laing Long-Term Incentive Plan approved by shareholders in 2001, conditional awards were made to the executive Directors and other senior executives. Details of entitlements of the Director who served at 31 December 2006 are set out below:

	At 15 December 2006	Vested	Lapsed	At 31 December 2006
S D Schneider	1,854	(1,094)	(760)	-

JOHN LAING PROJECTS & DEVELOPMENTS (HOLDINGS) LIMITED
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DIRECTORS' REPORT (continued)

LONG-TERM INCENTIVE SCHEMES (continued)

Following the acquisition of John Laing plc, by Henderson Infrastructure Holdco Limited, on 22 December 2006 the John Laing Long Term Incentive Plan (LTIP) was closed.

As a consequence of the change of control of the Company on 22 December 2006, all outstanding conditional awards under the LTIP vested to the extent that the related performance period had been completed. The remainder of the awards which were transferred to the Director on 22 December 2006, together with the the existing shareholdings of the Director on that date were acquired by Henderson Infrastructure Holdco Limited on 22 December 2006 at the offer price of 405 pence per ordinary share.

The Director elected to sacrifice 41% of the number of shares to which he was entitled, equating to his Income Tax and National Insurance Contribution liabilities which the Company undertook to settle on his behalf. Thus the number of shares vesting represented 59% of the original award.

Other than as stated above, no Director had any interest in the shares of any other group Company requiring disclosure under the Companies Act 1985.

EMPLOYEES

Details of the number of employees and related costs can be found in note 4 to the financial statements on page 9.

AUDITORS

A resolution to re-appoint Deloitte & Touche LLP as auditors will be proposed at the forthcoming Annual General Meeting in accordance with Section 385 of the Companies act 1985.

On behalf of the Board

J Kerr
Director
16 March 2007



STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the financial statements. The Directors have chosen to prepare accounts for the Company in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP). Company law requires the Directors to prepare such 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 and comply with UK GAAP and the Companies Act 1985.

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 accounting standards have been followed; 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 which disclose with reasonable accuracy at any time the financial position of the company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a Directors' report, which comply with the requirements of the Companies Act 1985.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JOHN LAING PROJECTS & DEVELOPMENTS (HOLDINGS) LIMITED (FORMERLY THE CORNWALL & PLYMOUTH RAILWAY COMPANY LIMITED)

We have audited the financial statements of John Laing Projects & Developments (Holdings) Limited (formerly The Cornwall & Plymouth Railway Company Limited) for the year ended 31 December 2006 which comprise the profit and loss account, the balance sheet, the related notes 1 to 14 and the list of principal subsidiaries. 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.

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 2006 and of its loss 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

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

London

16 March 2007

JOHN LAING PROJECTS & DEVELOPMENTS (HOLDINGS) LIMITED
Formerly trading as The Cornwall & Plymouth Railway Company Limited

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2006

	Notes	2006 £	2005 £
Turnover	1	-	-
Administrative expenses		(3,452)	-
Loss on ordinary activities before interest	2	<u>(3,452)</u>	<u>-</u>
Net interest receivable	5	345	-
Loss on ordinary activities before taxation		<u>(3,107)</u>	<u>-</u>
Tax credit on loss on ordinary activities	6	932	-
Loss on ordinary activities after taxation		<u>(2,175)</u>	<u>-</u>
Retained loss for the year transferred from reserves	11	<u>(2,175)</u>	<u>-</u>

A reconciliation of movements in equity shareholders' funds is given in note 12.

All items in the profit and loss account relate to continuing operations.

There is no material difference between the results stated in the profit and loss account and their historical cost equivalents.

All gains and losses are recognised in the profit and loss account in both the current and preceding year, and therefore no separate statement of total recognised gains and losses has been presented.

JOHN LAING PROJECTS & DEVELOPMENTS (HOLDINGS) LIMITED
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BALANCE SHEET AS AT 31 DECEMBER 2006

	Notes	2006 £	2005 £
Fixed assets			
Investments	7	1,785,059	-
Current assets			
Debtors - due within one year	8	201,279	2
		<u>201,279</u>	<u>2</u>
Creditors: amounts falling due within one year	9	(203,452)	-
Net current (liabilities) / assets		<u>(2,173)</u>	<u>2</u>
Total assets less current liabilities		1,782,886	2
Net assets		<u>1,782,886</u>	<u>2</u>
Capital and reserves			
Called up share capital	10	1,785,061	2
Profit and loss account	11	(2,175)	-
Equity shareholders' funds	12	<u>1,782,886</u>	<u>2</u>

The financial statements were approved by the Board of Directors on 16 March 2007 and were signed on its behalf by:

J Kerr
Director
16 March 2007



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

1 ACCOUNTING POLICIES

a) Basis of preparation of accounts

The financial statements have been prepared under the historical cost convention, and in accordance with applicable United Kingdom law and accounting standards. A summary of the principal accounting policies adopted by the Directors, which have been applied consistently, is shown below.

The Company is a wholly owned subsidiary undertaking of John Laing plc and as such is exempt under FRS 1 (revised 1996) from the requirement to prepare its own cash flow statement.

As a wholly owned subsidiary undertaking the Company is also exempt under section 228 of the Companies Act 1985 from any requirement to prepare consolidated financial statements for its group. Accordingly, the financial statements present information about the Company as an individual undertaking, and the results of subsidiaries are reflected in these accounts only to the extent that dividends have been declared.

b) Investments

Fixed asset investments are shown at cost less provision for impairment. Current asset investments are stated at the lower of cost and net realisable value. Income from investments is included in the profit and loss account as declared.

c) Taxation

Current tax, including United Kingdom Corporation tax and foreign 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.

In accordance with FRS 19 'Deferred Tax', deferred taxation 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. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

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 measured at the average tax rates that are expected to apply in the period in which the timing differences are expected to reverse, based on the tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are not discounted.

d) Turnover

Turnover represents amounts receivable for services provided in the normal course of business and excludes value added tax.

JOHN LAING PROJECTS & DEVELOPMENTS (HOLDINGS) LIMITED
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Notes to the financial statements for the year ended 31 December 2006 (continued)

2 OPERATING LOSS

	2006 £	2005 £
Operating loss is stated after charging:		
Fees payable to the Company's auditors for the audit of the Company's annual accounts	<u>2,243</u>	<u>-</u>

3 DIRECTORS' REMUNERATION

No Directors received any remuneration for services to the Company during the current or prior year. The Company is managed by secondees from the shareholders under a management services contract

No other Directors received any remuneration from the Company during the year.

4 STAFF NUMBERS

The Company had no direct employees in 2006 (2005 - nil).

5 NET INTEREST RECEIVABLE

	2006 £	2005 £
Interest receivable and similar income		
Interest receivable from group undertakings	<u>345</u>	<u>-</u>
Net interest receivable	<u>345</u>	<u>-</u>

6 TAX CREDIT ON LOSS ON ORDINARY ACTIVITIES

	2006 £	2005 £
<u>Analysis of credit for the year</u>		
Current tax		
UK corporation tax / group relief receivable	932	-
Tax credit on loss on ordinary activities	<u>932</u>	<u>-</u>

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

	2006 £	2005 £
Loss on ordinary activities before tax	<u>(3,107)</u>	<u>-</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2005 - 30%)	932	-
Total tax credit for the year	<u>932</u>	<u>-</u>

JOHN LAING PROJECTS & DEVELOPMENTS (HOLDINGS) LIMITED
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Notes to the financial statements for the year ended 31 December 2006 (continued)

7 INVESTMENTS	Shares in group undertakings £	Loans to group undertakings £	Total £
Cost			
At 1 January 2006	-	-	-
Additions	1,785,059	-	1,785,059
At 31 December 2006	<u>1,785,059</u>	<u>-</u>	<u>1,785,059</u>
Net book value			
At 31 December 2006	<u>1,785,059</u>	<u>-</u>	<u>1,785,059</u>
At 31 December 2005	<u>-</u>	<u>-</u>	<u>-</u>

On the 22 December 2006, the Company purchased a 100% equity investment in John Laing Projects & Developments Limited (formerly trading as Laing Rail Projects Limited), which is registered in England and Wales. The total purchase price was settled by the issue of 959 shares to Laing Investments Limited.

On the 22 December 2006, the Company purchased a 100% equity investment in Aylesbury Vale Parkway Limited, which is registered in England and Wales. The total purchase price was settled by the issue of 100 shares to Laing Investments Limited.

On the 22 December 2006, the Company purchased a 100% equity investment in Coleshill Parkway Limited, which is registered in England and Wales. The total purchase price was settled by the issue of 1,784,000 shares to Laing Investments Limited.

The Company's principal subsidiary undertakings are listed on page 12.

In the opinion of the Directors the aggregate value of the investment in a subsidiary undertaking and a joint venture is not less than the amount stated in the balance sheet.

8 DEBTORS	2006 £	2005 £
<u>Due within one year:</u>		
Amounts owed by group undertakings	<u>201,279</u>	<u>2</u>
	<u>201,279</u>	<u>2</u>

Amounts due from group undertakings comprises a loan with Aylesbury Vale Parkway Limited and is payable on demand. Interest is charged on this loan at the Bank of England base rate plus 2%.

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2006 £	2005 £
Amounts owed to group undertakings	200,000	-
Accruals and deferred income	<u>3,452</u>	<u>-</u>
	<u>203,452</u>	<u>-</u>

Amounts owed to group undertakings comprises a loan with Laing Rail Limited and is payable on demand. Interest is charged on this loan at the Bank of England base rate plus 2%.

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Notes to the financial statements for the year ended 31 December 2006 (continued)

10 CALLED UP SHARE CAPITAL

	2006 No.	2005 No.
Authorised:		
Ordinary shares of £1 each	<u>2,000,000</u>	<u>100</u>
		£
Allotted, called up and fully paid:		
Opening share capital at 1 January 2006 (2 ordinary shares of £1 each)		2
Shares issued in the year at par (1,785,059 ordinary shares of £1 each)		<u>1,785,059</u>
Closing share capital at 31 December 2006 (1,785,061 ordinary shares of £1 each)		<u>1,785,061</u>

11 MOVEMENT IN RESERVES

	Profit and loss account £
At 1 January 2006	-
Retained loss for the year	(2,175)
At 31 December 2006	<u>(2,175)</u>

12 RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2006 £	2005 £
Loss for the financial year	(2,175)	-
New shares issued	<u>1,785,059</u>	-
Net addition to equity shareholders' funds	<u>1,782,884</u>	-
Opening shareholders' funds as previously stated	2	2
Closing equity shareholders' funds	<u>1,782,886</u>	<u>2</u>

13 TRANSACTIONS WITH RELATED PARTIES

As a greater than 90% subsidiary of John Laing plc, the Company has taken advantage of the exemption under Financial Reporting Standard 8 not to provide information on related party transactions with other undertakings within the John Laing plc group. Note 14 gives details of how to obtain a copy of the published financial statements of John Laing plc.

14 ULTIMATE PARENT UNDERTAKING

The largest and smallest group in which the Company's results are consolidated, is John Laing plc, a company incorporated in Great Britain and registered in England and Wales. Copies of the consolidated accounts of John Laing plc are available from Companies House, Crown Way, Cardiff CF14 3UZ.

Prior to 22 December 2006, the Company's ultimate parent and controlling entity was John Laing plc. From this date the Company's ultimate parent and controlling entity is Henderson Infrastructure Holdco (Jersey) Limited, a company incorporated in Jersey, Channel Islands.

Henderson Infrastructure Holdco (Jersey) Limited was incorporated on 13 September 2006 and will not prepare consolidated accounts at 31 December 2006.

JOHN LAING PROJECTS & DEVELOPMENTS (HOLDINGS) LIMITED
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PRINCIPAL SUBSIDIARIES

Company name	Class and percentage of shares held	Principal activity	Country of incorporation
John Laing Projects & Developments Limited	100% of ordinary shares	Holding Company	Great Britain
Aylesbury Vale Parkway Limited	100% of ordinary shares	Development and operation of rail infrastructure assets	Great Britain
Coleshill Parkway Limited	100% of ordinary shares	Development and operation of rail infrastructure assets	Great Britain