

LAING INFRASTRUCTURE HOLDINGS LIMITED

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

Registered Number. 2759535

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

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DIRECTORS AND ADVISORS

Directors

G A Neville (resigned 31 May 2007)

D Potts

I J Wells

R Weston

Company secretary and registered office

R K Miller

Allington House

150 Victoria Street

London SW1E 5LB

Auditors

Deloitte & Touche LLP

Chartered Accountants

London

DIRECTORS' REPORT

The Directors submit their annual report and the audited financial statements for the year ended 31 December 2007

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is an Investment Company

REVIEW OF THE YEAR

On 29 March 2007, the Company disposed of its shares in Laing Investment Company Limited, for £651,360, realising a profit of £651,260. On 15th June 2007 the Company disposed of its shares in City Greenwich Lewisham Rail Link Plc for £23,125,811, realising a profit of £10,251,529

FUTURE DEVELOPMENTS

The Company has disposed of its remaining investment in Laing Rail Limited, the completion of which is expected in quarter one of 2008. This is part of a restructuring of company investments within the John Laing plc group

RESULTS AND DIVIDENDS

The profit for the year before taxation including dividends receivable amounted to £11,535,484 (2006 - £1,529,920). After a group relief charge of £355,248 (2006 - tax credit of £18,032), profit for the year was £11,180,236 (2006 - £1,547,952)

The Directors declared and paid a dividend of £4,700,000 (2006 - £nil)

PRINCIPAL RISKS AND UNCERTAINTIES

The company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk are interest rate risk, currency risk, credit risk, liquidity risk, cash flow risk and price risk. Due to the nature of the Company's business and the assets and liabilities contained within the Company's balance sheet the Directors consider that none of these financial risks are relevant to this company.

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 except as noted, are shown on page 1

DIRECTORS' INTERESTS

No Director held any interest 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 2007

At 1 January and 31 December 2007 no Director had any interest in the share capital of Henderson Infrastructure Holdco (Jersey) Limited, the Company's ultimate parent undertaking

No Director had any interest in the shares of any other group Company requiring disclosure

DIRECTORS' REPORT (continued)

EMPLOYEES

Details of the number of employees and related costs can be found in note 3 to the financial statements on page 9

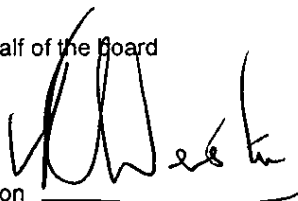
CREDITORS AND SUPPLIER PAYMENT POLICY

It is the Company's policy to settle the terms of payment with suppliers when agreeing the terms of the transaction, to ensure that suppliers are aware of these terms and to abide by them. Trade creditors at the period end amount to 0 days (2006 - 0 days) of average supplies for the year.

AUDITORS

A resolution to reappoint Deloitte & Touche LLP as auditors will be proposed at the forthcoming Annual General Meeting.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'R Weston', is written over a horizontal line.

R Weston
Director
7 March 2008

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 year. 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, 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 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LAING INFRASTRUCTURE HOLDINGS LIMITED

We have audited the financial statements of Laing Infrastructure Holdings Limited for the year ended 31 December 2007 which comprise the profit and loss account, the balance sheet, the list of principal subsidiaries and joint ventures, and the related notes 1 to 16. 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 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
Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London
7 March 2008

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	2007 £	2006 £
Turnover		26,239	25,136
Administrative expenses		(700,254)	(18,779)
Operating (loss) / profit	4	<u>(674,015)</u>	<u>6,357</u>
Income from shares in group undertakings		-	1,280,000
Profit on disposal of investments	8	10,902,789	-
Profit on ordinary activities before interest		<u>10,228,774</u>	<u>1,286,357</u>
Net interest receivable	5	1,306,710	243,563
Profit on ordinary activities before taxation		<u>11,535,484</u>	<u>1,529,920</u>
Tax on profit on ordinary activities	6	(355,248)	18,032
Profit on ordinary activities after taxation		<u>11,180,236</u>	<u>1,547,952</u>
Dividends paid	7	(4,700,000)	-
Retained profit for the year transferred to reserves	12	<u>6,480,236</u>	<u>1,547,952</u>

A reconciliation of movements in equity shareholders' funds is given in note 13

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

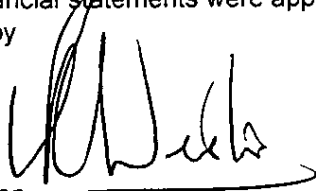
There is no material difference between the results stated in the profit and loss account and their historical cost equivalents

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

BALANCE SHEET AS AT 31 DECEMBER 2007

	Notes	2007 £	2006 £
Fixed assets			
Investments	8	2	13,474,384
Current assets			
Debtors		15,508,043	12,243,153
- due within one year	9	15,508,043	6,253,875
- due after more than one year	9	-	5,989,278
Creditors amounts falling due within one year	10	(1,184,033)	(17,873,761)
Net current assets / (liabilities)		<u>14,324,010</u>	<u>(5,630,608)</u>
Net assets		<u>14,324,012</u>	<u>7,843,776</u>
Capital and reserves			
Called up share capital	11	3,000,002	3,000,002
Profit and loss account	12	11,324,010	4,843,774
Equity shareholders' funds	13	<u>14,324,012</u>	<u>7,843,776</u>

The financial statements were approved by the Board of Directors on 7 March 2008 and were signed on its behalf by



R Weston
Director

7 March 2008 1

Notes to the financial statements for the year ended 31 December 2007

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 Henderson Infrastructure Holdco Limited 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 subsidiary and joint ventures 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. 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.

2 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 contract.

Notes to the financial statements for the year ended 31 December 2007 (continued)

3 STAFF NUMBERS

The Company had no employees during the year (2006 - nil)

4 OPERATING (LOSS) / PROFIT

	2007 £	2006 £
Operating (loss) / profit is stated after charging		
Fees payable to the Company's auditors for the audit of the Company's annual accounts	<u>2,311</u>	<u>2,243</u>

5 NET INTEREST RECEIVABLE

	2007 £	2006 £
Interest receivable and similar income		
Interest receivable from subsidiary undertakings	<u>1,460,933</u>	<u>1,344,229</u>
	<u>1,460,933</u>	<u>1,344,229</u>
Interest payable and similar charges		
External interest payable	-	(2,919)
Interest payable to parent undertakings	<u>(154,223)</u>	<u>(1,097,747)</u>
	<u>(154,223)</u>	<u>(1,100,666)</u>
Net interest receivable	<u>1,306,710</u>	<u>243,563</u>

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2007 £	2006 £
<u>Analysis of (charge) / credit for the year</u>		
Current tax		
Group relief payable	(355,248)	(74,976)
Adjustments in respect of previous periods	-	93,008
Total tax on profit on ordinary activities	<u>(355,248)</u>	<u>18,032</u>

Factors affecting the tax charge for the current period

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows

	2007 £	2006 £
Profit on ordinary activities before tax	<u>11,535,484</u>	<u>1,529,920</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006 - 30%)	(3,460,645)	(458,976)
Effects of		
Expenses not deductible for tax purposes	(165,440)	-
Non taxable profit on disposal of investment	3,270,837	-
UK dividends receivable	-	384,000
Adjustments to tax charge in respect of previous periods	-	93,009
Total current tax (charge) / credit for the year	<u>(355,248)</u>	<u>18,032</u>

Notes to the financial statements for the year ended 31 December 2007 (continued)

7	DIVIDENDS PAID	2007 £	2006 £
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The Company proposed and paid a dividend of £4,700,000 (2006 - £nil)

Equity shares

- final proposed paid of 157p (2006 - nil) per ordinary share

4,700,000	-
<u>4,700,000</u>	<u>-</u>

8 INVESTMENTS

	Subsidiary undertakings £	Joint ventures £	Total £
Cost			
At 1 January 2007	102	18,324,282	18,324,384
Disposals	(100)	(13,474,282)	(13,474,382)
	<u>2</u>	<u>4,850,000</u>	<u>4,850,002</u>
Provisions			
At 1 January 2007 and 31 December 2007	-	(4,850,000)	(4,850,000)
	<u>-</u>	<u>(4,850,000)</u>	<u>(4,850,000)</u>
Net book value			
At 31 December 2007	<u>2</u>	<u>-</u>	<u>2</u>
At 31 December 2006	102	13,474,282	13,474,384

On 29 March 2007 the Company disposed of its shares in Laing Investment Company Limited, for £651,360

On 15 June 2007 the Company disposed of its shares in City Greenwich Lewisham Rail Link Plc, for £23,725,811

The Company's principal subsidiaries and joint ventures are listed on page 12

During March 2008, the investment in M40 Trains and Laing Rail Limited will be disposed

In the opinion of the Directors the aggregate value of the investment in subsidiary undertakings, joint ventures and other fixed asset investments is not less than the amount stated in the balance sheet

9 DEBTORS

	2007 £	2006 £
<u>Due within one year</u>		
Amounts owed by subsidiary undertakings	3,150,272	4,025,072
Amounts owed by group undertakings	12,357,229	2,228,803
VAT	542	-
	<u>15,508,043</u>	<u>6,253,875</u>
<u>Due after more than one year</u>		
Amounts owed by group undertakings	-	5,989,278

Amounts due from subsidiary 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 1%

Amounts due from group undertakings is a loan with M40 Trains Limited, which is payable in terms of a repayment schedule. However due to the eminent disposal the loan will be repaid within the year. Interest on the loan is calculated at a rate of 15% per annum

10 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £	2006 £
Amounts owed to group undertaking	475,490	17,765,710
Other taxation and social security	-	79,568
Accruals and deferred income	708,543	28,483
	<u>1,184,033</u>	<u>17,873,761</u>

Amounts owed to group undertaking comprises a loan from Laing Investments Limited, the Company's immediate parent undertaking, which is repayable on demand. Interest is charged on this loan at the Bank of England Base rate plus 1%

Notes to the financial statements for the year ended 31 December 2007 (continued)

11 CALLED UP SHARE CAPITAL

	2007 No	2006 No
Authorised 4,000,000 ordinary shares at £1 each	<u>4,000,000</u>	<u>4,000,000</u>
	£	£
Allotted, called up and fully paid 3,000,002 ordinary shares at £1 each	<u>3,000,002</u>	<u>3,000,002</u>

12 MOVEMENT IN RESERVES

	Profit and loss account £
At 1 January 2007	4,843,774
Retained profit for the year	6,480,236
At 31 December 2007	<u>11,324,010</u>

13 RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2007 £	2006 £
Profit for the financial year	11,180,236	1,547,952
Dividends paid on ordinary shares	(4,700,000)	-
Net increase in shareholders' funds	<u>6,480,236</u>	<u>1,547,952</u>
Opening shareholders' funds	7,843,776	6,295,824
Closing shareholders' funds	<u>14,324,013</u>	<u>7,843,776</u>

14 CAPITAL COMMITMENTS, CONTINGENT LIABILITIES AND FINANCIAL COMMITMENTS

The Company is a guarantor under the £260 million syndicated committed facility, dated 21 March 2007, entered into by John Laing plc and hence guarantees utilisations under this facility. At 31 December 2007, the amount drawn down under this facility was £80,882,000 (2006 - £nil)

15 TRANSACTIONS WITH RELATED PARTIES

As a greater than 90% subsidiary of Henderson Infrastructure Holdings Limited, 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 Henderson Infrastructure Holdings Limited group. Note 16 gives details of how to obtain a copy of the published financial statements of Henderson Infrastructure Holdings Limited.

16 ULTIMATE PARENT UNDERTAKING

The Company's immediate parent company is John Laing Investments Limited (formerly Laing Investments Limited), a company incorporated in Great Britain.

The smallest group in which its results are consolidated is Henderson Infrastructure Holdco Limited, a company incorporated in Great Britain and registered in England and Wales. The largest group in which its results are consolidated is Henderson Infrastructure Holdco (UK) Limited, a company incorporated in Great Britain and registered in England and Wales. Copies of the consolidated accounts are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

The Company's ultimate parent and controlling entity is Henderson Infrastructure Holdco (Jersey) Limited, a company incorporated in Jersey, Channel Islands.

PRINCIPAL SUBSIDIARIES AND JOINT VENTURES

Company name	Class and percentage of shares held	Principal activity	Country of incorporation
Altram L R T Limited	33.33%, 1,333,333 ordinary 'B' shares of £1 each	Light rail concession operator	Great Britain
Laing Rail Limited	100%, 2 ordinary shares of £1 each	Holding company rail investments	Great Britain