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AMCO CORPORATION PLC

Report and Financial Statements
For the year ended
31st December 2005

AMCO CORPORATION PLC

Annual report and financial statements for the year ended 31st December 2005

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AMCO CORPORATION PLC

Directors, Secretary and Registered Office

Directors

S.N. Gordon	Chairman
I. Swire	Financial Director
D.M. Jackson	Commercial Director
M.R. Speakman	Non Executive Director

Secretary

I. Swire

Registered Office

Amco House
Cedar Court Office Park
Denby Dale Road
Wakefield
WF4 3QZ

Registered in England : Company Number - 2402219

AMCO CORPORATION PLC

Report of the directors for the year ended 31st December 2005

The directors present their report together with the audited financial statements for the year ended 31st December 2005.

1. Principal activities and business review

The company is principally engaged in the activity of a holding company and the provision of management services to its subsidiaries.

The Group is principally engaged in the property development and construction industry in the UK.

A detailed review of the Group's activities during the year and of its prospects is contained within the Chairman's Statement, Operational Review and Financial Director's Report.

2. Results and dividends

The profit and loss account is set out on page 6 and shows the profit for the year.

The directors recommend payment of a final dividend of 11p per share. Subject to approval of the shareholders at the A.G.M. the dividend will be payable on 3rd July 2006 to shareholders whose names are on the register on 2nd June 2006. The shares will trade on an ex-dividend basis from 31st May 2006.

The retained profit has been transferred to reserves.

3. Directors

Mr. G.M. Powell was appointed as a director on 31st May 2005 and resigned on 4th November 2005. The other directors set out below served throughout the year.

In accordance with the articles of association, which require one third of the directors to retire each year, Messrs. S.N. Gordon and I. Swire retire by rotation and offer themselves for re-election.

The interests of the directors in shares of the company were as follows:-

	Amco Corporation Plc ordinary 10p shares			
	31st December 2005		1st January 2005	
	Shares	Options	Shares	Options
S.N. Gordon	1,070,000	0	1,070,000	0
I. Swire	22,000	0	17,000	15,000
D.M. Jackson	10,500	0	1,500	15,000
M.R. Speakman	3,000	0	3,000	0

4. Disabled persons

The Group's policy is to give sympathetic consideration, in both recruitment and training, to the problems of the disabled, and to assist them in developing their knowledge and skills to undertake greater responsibilities wherever possible.

5. Employee involvement

It is Group policy to disseminate relevant information about Group affairs amongst employees. The Group operates an Employee Share Ownership Plan (see note 9).

6. Charitable donations

During the year the Group made contributions totalling £3,000 (2004 - £3,000) to United Kingdom charitable organisations.

7. Payment policy

The Group's policy is to agree terms and conditions with suppliers before business takes place and to pay agreed invoices in accordance with the terms of payment. Trade creditors of the Group at the year end amount to 62 days (2004 - 50 days) of average supplies for the year, this is equivalent to a normal credit period of 31 days (2004 - 19 days). The parent company does not trade outside the Group and therefore does not have significant trade creditors.

8. Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the company as at the end of the financial year and of the profit and loss for that year. In preparing the financial statements the directors are required to select suitable accounting policies and apply them consistently, to make judgments and estimates that are reasonable and prudent, to state whether applicable accounting standards have been followed, subject to any material departure disclosed and explained in the financial statements, and to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are also responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for maintaining adequate accounting records, for safeguarding the assets of both the Group and the company and hence for preventing and detecting fraud and other irregularities.

The maintenance and integrity of the amco-corporation.plc.uk website is the responsibility of the directors: the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibilty for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

9. Financial risk management objectives and policies

The Group uses financial instruments, other than derivatives, comprising borrowings, cash and other liquid resources and various other items such as trade debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations. The main risks arising from the Group financial instruments are interest rate risk, liquidity risk and foreign currency risk. The directors review and agree policies for managing each of these risks and they are summarised below. The policies have remained unchanged from previous periods.

Interest rate risk
The Group finances its operations through a mixture of retained profits and bank borrowings. The Group's exposure to interest rate fluctuations on its borrowings is managed on a Group basis by the use of both fixed and floating facilities.
Liquidity risk
The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Primarily this is achieved through loans arranged at Group level. Short term flexibility is achieved by overdraft facilities.
Currency risk
The Group is exposed to transaction and translation foreign exchange risk. Transaction exposures are hedged when known, mainly using the forward hedge market.

10. Auditors

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

11. Approval

The board of directors of Amco Corporation Plc has approved the contents of this report and financial statements for the year ended 31st December 2005.

BY ORDER OF THE BOARD

I. Swire
Secretary
7th March 2006

Report of the independent auditors to the members of AMCO CORPORATION PLC

We have audited the Group and parent company financial statements (the 'financial statements') of Amco Corporation Plc for the year ended 31st December 2005 which comprise the consolidated profit and loss account, the statement of total recognised gains and losses, the consolidated and company balance sheets, the consolidated cash flow statement, the statement of accounting policies and notes 1 to 27. 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 directors' report and the financial statements in accordance with United Kingdom law and 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 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 other information contained in the annual report, and consider whether it is consistent with the audited financial statements. This other information comprises only the directors' report, the Chairman's Statement, the Operational Review and the Financial Director's Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of 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 Group's and 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 Group's and the parent company's affairs at 31st December 2005 and of the group's profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton UK LLP

GRANT THORNTON UK LLP
Registered Auditors
Chartered Accountants
Leicester
7th March 2006

AMCO CORPORATION PLC

Consolidated profit and loss account for the year ended 31st December 2005

	Note	2005		2004	
		£'000	£'000	£'000	£'000
Total turnover (including share of turnover in joint ventures)	1		125,982		134,498
Increase/(decrease) in work in progress			46		(331)
			126,028		134,167
Less: share of turnover in joint ventures			(7,222)		(2,542)
Group turnover			118,806		131,625
Raw materials and consumables		44,019		46,945	
Other external charges		25,140		34,548	
			(69,159)		(81,493)
			49,647		50,132
Staff costs	2	37,783		42,215	
Depreciation		2,349		2,539	
Other operating charges		3,043		2,340	
			(43,175)		(47,094)
Group operating profit			6,472		3,038
Share of operating profit in joint ventures			739		178
Total operating profit			7,211		3,216
Net interest	3		(68)		(187)
Other finance (cost)/income	26		(192)		2
Profit on ordinary activities before taxation	1		6,951		3,031
Tax on profit on ordinary activities	4		(1,971)		(312)
Profit transferred to reserves	18		4,980		2,719
Earnings per share	6		42.7 p		23.0 p

The statement of accounting policies and notes 1 to 27 form part of these financial statements.

AMCO CORPORATION PLC

Statement of total recognised gains and losses for the year ended 31st December 2005

	Note	2005 £'000	2004 £'000
Profit for the financial year		4,980	2,719
Actuarial loss recognised in the pension schemes	26	(1,858)	(4,032)
Movement on deferred tax relating to pension liability	26	342	929
Current tax relating to pension liability	4	215	281
Total recognised gains/(losses) for the year		3,679	(103)

The statement of accounting policies and notes 1 to 27 form part of these financial statements.

AMCO CORPORATION PLC

Consolidated balance sheet as at 31st December 2005

	Note	2005 £'000	2005 £'000	2004 £'000	2004 £'000
Fixed assets					
Tangible assets	7		15,136		14,649
Investments	8		350		350
Investments in joint ventures:	8				
share of gross assets		12,595		5,630	
share of gross liabilities		(10,934)		(4,485)	
			1,661		1,145
			17,147		16,144
Current assets					
Stock and work in progress	10	11,381		10,801	
Amounts recoverable on contracts		957		8,098	
Debtors	11	15,823		13,209	
Cash at bank and in hand		7,738		5,618	
		35,899		37,726	
Creditors: amounts falling due within one year	12	(28,653)		(33,634)	
Net current assets			7,246		4,092
Total assets less current liabilities			24,393		20,236
Creditors: amounts falling due after more than one year	13		(1,710)		(1,830)
Net assets excluding pension liability			22,683		18,406
Pension liability	26		(12,640)		(11,840)
Net assets including pension liability			10,043		6,566
Capital and reserves					
Called up share capital	17		1,293		1,293
Share premium	18		1,864		1,864
Capital redemption reserve	18		132		132
Property revaluation reserve	18		3,284		3,284
Other reserve	18		(798)		(596)
Profit and loss account	18		4,268		589
Shareholders' funds	19		10,043		6,566

The financial statements were approved by the Board of Directors on 7th March 2006.

S.N. GORDON Chairman

I. SWIRE Financial Director

The statement of accounting policies and notes 1 to 27 form part of these financial statements.

AMCO CORPORATION PLC

Balance sheet as at 31st December 2005

	Note	2005		2004	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	7		98		83
Investments	8		2,732		2,732
			2,830		2,815
Current assets					
Stock	10	2		5	
Debtors falling due after more than one year	11	11,528		11,528	
Debtors falling due within one year	11	8,691		3,830	
Cash at bank and in hand		301		554	
		20,522		15,917	
Creditors: amounts falling due within one year	12	(14,512)		(9,810)	
Net current assets			6,010		6,107
			8,840		8,922
Capital and reserves					
Called up share capital	17		1,293		1,293
Share premium	18		1,864		1,864
Capital redemption reserve	18		132		132
Other reserve	18		(798)		(596)
Profit and loss account	18		6,349		6,229
Shareholders' funds			8,840		8,922

The financial statements were approved by the Board of Directors on 7th March 2006.

S.N. GORDON Chairman

I. SWIRE Financial Director

The statement of accounting policies and notes 1 to 27 form part of these financial statements.

AMCO CORPORATION PLC

Consolidated cashflow statement for the year ended 31st December 2005

	Note	2005		2004	
		£'000	£'000	£'000	£'000
Net cash inflow from operating activities	20		7,702		3,277
Dividends from joint ventures			0		125
Returns on investments and servicing of finance					
Interest received		159		174	
Interest paid		(87)		(214)	
Hire purchase interest paid		(140)		(147)	
Net cash outflow from returns on investments and servicing of finance			(68)		(187)
Taxation			(486)		153
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(1,499)		(928)	
Sale of tangible fixed assets		702		2,203	
Net cash (outflow)/inflow from capital expenditure and financial investment			(797)		1,275
Net cash inflow before financing			6,351		4,643
Financing					
Bank and other loans		(2,290)		1,640	
Capital element of hire purchase payments		(1,739)		(1,689)	
Employee Share Ownership Plan:					
purchase of shares		(230)		(20)	
sale of shares		28		5	
Net cash outflow from financing			(4,231)		(64)
Increase in cash	21		2,120		4,579

The statement of accounting policies and notes 1 to 27 form part of these financial statements.

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards and under the historical cost convention as modified by the revaluation of properties.

The principal accounting policies represent the most appropriate policies in accordance with FRS 18.

Changes in accounting policies

In preparing the financial statements for the current year, the Group has adopted the following Financial Reporting Standards:

FRS 21 - Events After the Balance Sheet Date

The adoption of FRS 21 has resulted in a change in accounting policy in respect of proposed equity dividends. If the Group declares dividends to the holders of equity instruments after the balance sheet date, the Group does not recognise those dividends as a liability at the balance sheet date. Previously where these equity dividends were proposed after the balance sheet date but before authorisation of the financial statements they were recorded as liabilities at the balance sheet date. The aggregate amount of equity dividends proposed before approval of the financial statements, which have not been shown as liabilities at the balance sheet date, are disclosed in the notes to the financial statements. The financial effect of this change in accounting policy is set out in note 18.

The principal accounting policies of the Group have remained unchanged from the previous year.

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the parent company and all of its subsidiary undertakings for the year ended 31st December 2005.

The acquisition method of accounting is used to consolidate the results of subsidiaries in the Group accounts. Profits on intra Group transactions are eliminated in full.

On acquisition of a subsidiary all of the subsidiary's assets and liabilities which existed at the date of the acquisition are recorded at their fair values reflecting their condition at that date.

(b) Turnover

In the case of contracts with customers where the contract is essentially for the provision of labour, materials and plant, turnover represents the value of labour, material and plant supplied in the period based on rates agreed with customers.

In the case of contracts with customers which have the characteristics of long-term contracts, turnover is the total amount receivable in respect of work done, including certified amounts recoverable on contracts, and is treated as follows:

the amount by which recorded turnover is in excess of payments on account is classified as amounts recoverable on contracts and separately disclosed within current assets.

the balance of payments on account in excess of amounts (a) matched with turnover and (b) offset against long-term contract balances are classified as payments on account and separately disclosed within creditors.

profits on contracts are taken at the point at which practical completion has taken place.

In the case of property development activities, turnover is recognised when the Group has met all of its contractual obligations.

In all other cases, turnover represents amounts for goods and services provided in the period.

(b) Turnover (continued)

In accordance with FRS 12 the Group does not recognise the turnover and profit attributable to claims and disputed amounts on contracts until the recovery of these amounts is considered virtually certain. These disputed amounts and claims may arise on a wide range of contractual matters. The directors consider that detailed disclosures would prejudice the Group's ability to secure satisfactory settlements.

(c) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment.

Depreciation is calculated to write off the cost or valuation of fixed assets (other than land) less estimated residual value by equal annual instalments over their expected useful lives.

The rates applicable are:

Freehold and leasehold buildings	2% to 4%
Plant and equipment	5% to 33.3%
Motor vehicles	10% to 40%

(d) Stock and work in progress

Stock and work in progress are valued at the lower of cost, including applicable overheads, and net realisable value.

Provision is made for foreseeable losses on all contracts based on the loss which is currently estimated to arise over the duration of any contract, irrespective of the amount of work carried out at the balance sheet date.

(e) Deferred tax

Deferred tax is recognised on all timing differences where the transactions or events that give the Group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax on defined benefit pension scheme surpluses or deficits is adjusted against these surpluses or deficits. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

No provision has been made for deferred tax on gains recognised on revaluing the properties to their market value or the sale of properties where potentially taxable gains have been rolled over into replacement assets.

(f) Retirement Benefits

Defined Contribution Pension Schemes
The pension costs charged against operating profits represent the amount of the contributions payable to the schemes in respect of the accounting period.

Defined Benefit Pension Schemes
Scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit, adjusted for deferred tax, is presented separately from other net assets on the balance sheet. A net surplus is recognised only to the extent that it is recoverable by the Group.

(f) Retirement Benefits (continued)

The current service costs and costs from settlements and curtailments are charged against operating profit. Past service costs are spread over the period until the benefit increases vest. Interest on the scheme liabilities and the expected return on scheme assets are included in other finance costs. Actuarial gains and losses are reported in the statement of total recognised gains and losses.

(g) Goodwill

As a matter of accounting policy, goodwill arising on consolidation first accounted for in accounting periods ending before 23rd December 1998, the implementation date of FRS 10, was written off immediately against the profit and loss account.

Negative goodwill arising on consolidation prior to the implementation of FRS 10, representing the excess of the fair values of the identifiable net assets acquired over the fair value of the consideration, was credited to the profit and loss account reserve immediately on acquisition. Goodwill is re-instated through the profit and loss account reserve on the subsequent sale of any appropriate business.

(h) Leased assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the period of the lease term.

(i) Employee Share Ownership Plan

The Group's Employee Share Ownership Plan ("ESOP") is a separately administered trust. The assets of the ESOP comprise shares in the company and cash. The assets, liabilities, income and costs of the ESOP have been included in the financial statements in accordance with UITF 38: Accounting for ESOP Trusts. The shares in the company are included at cost to the ESOP and deducted from shareholders' funds and dividend income is excluded in arriving at profit before tax and deducted from the aggregate of dividends paid and proposed. When calculating earnings per share these shares are treated as if they were cancelled.

(j) Investments

Investments in subsidiary undertakings and the joint ventures are stated at cost less provision for permanent diminution in value.

(k) Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All foreign exchange differences are dealt with through the profit and loss account.

(l) Joint ventures and Limited Liability Partnership (LLP)

The Group financial statements incorporate joint ventures and the LLP under the equity method of accounting, supplemented by additional disclosures.

The Group's share of the profits less losses of joint ventures and the LLP are included in the Group profit and loss account. The Group balance sheet includes the investment in joint ventures and the LLP at the Group's share of net assets.

(m) Financial instruments

The Group uses financial instruments, other than derivatives, comprising borrowings, cash resources and various items such as trade debtors, trade creditors etc. that arise from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

The Group uses derivative financial instruments, primarily to manage exposure to foreign currency exchange rates and interest rates.

Foreign exchange contracts and swap agreements used to manage currency fluctuations on Group borrowings denominated in foreign currency, are valued at closing rates of exchange. Any resulting gains or losses are offset against the foreign exchange gains or losses on the related borrowings.

Income and expenditure arising on financial instruments is recognised on the accruals basis, and credited or charged to the profit and loss account in the financial period to which it relates.

1. Turnover and profit on ordinary activities before taxation

Turnover and profit on ordinary activities before taxation are attributable to the Group's continuing activities of construction and related trades. The whole of the turnover derives from U.K. operations.

Profit on ordinary activities is stated after:

	2005	2004
	£'000	£'000
Auditors' remuneration:		
audit services	88	77
non audit services - tax compliance	31	31
Depreciation	2,349	2,539
Profit on disposal of Group properties	0	359
Operating lease charges:		
short term hire of plant and machinery	2,389	3,298
other operating leases	211	226

2. Directors and employees

Staff costs during the year including directors:

	2005	2004
	£'000	£'000
Wages and salaries	33,724	37,891
Social security	3,251	3,680
Pension costs	808	644
	37,783	42,215

The average number of employees of the Group during the year was 1,060 (2004 - 1,265). All of these employees are engaged in construction and related activities.

Remuneration in respect of directors was as follows:

	2005	2004
	£'000	£'000
Aggregate emoluments	273	260
Company pension contributions to a defined contribution scheme	81	10
Gains made on the exercise of share options	34	0
Payment to third parties for directors' services	255	186

2. Directors and employees (continued)

Payments to third parties includes £33,000 (2004 - £24,000) in respect of the IR35 NIC surcharge.

During the year one director (2004 - one director) participated in defined benefit pension schemes and two directors (2004 - one director) participated in a defined contribution pension scheme.

During the year two directors (2004 - no directors) exercised share options.

The amounts set out above include remuneration in respect of the highest paid director as follows:

	2005	2004
	£'000	£'000
Aggregate emoluments	121	135
Company pension contributions to a defined contribution scheme	76	10
Gains made on the exercise of share options	17	0

3. Net interest

	2005	2004
	£'000	£'000
Payable on bank loans and overdrafts	87	214
Finance charges payable on hire purchase	140	147
	227	361
Receivable on bank balances	(159)	(174)
	68	187

4. Tax on profit on ordinary activities

The tax charge represents:

	2005	2004
	£'000	£'000
Corporation tax at 30% (2004 - 30%)	1,003	211
Share of joint ventures' tax charge	223	22
Advance corporation tax previously written off	0	(19)
Adjustment in respect of prior years	64	0
Total current tax	1,290	214
Deferred tax charge - (see note 15)	681	98
Tax on profit on ordinary activities	1,971	312

Tax on recognised gains and losses not included in the profit and loss account:

	2005	2004
	£'000	£'000
Corporation tax at 30% (2004 - 30%)		
Current tax credit relating to pension liability	215	281

This reflects the tax relief available on additional contributions made to finance the net pension deficit.

The tax assessed for the year differs from the standard rate of corporation tax in the United Kingdom of 30% (2004 - 30%). The differences are explained as follows:

	2005	2004
	£'000	£'000
Profit on ordinary activities before tax	6,951	3,031
Profit on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 30% (2004 - 30%)	2,085	909
Effects of:		
pension and other timing differences	24	(85)
group adjustments and items not subject to tax	(45)	(253)
utilisation of tax losses	(697)	(139)
adjustments in respect of ACT utilisation	0	(19)
expenses not deductible for tax purposes	58	44
marginal rate relief in joint venture companies	(19)	(31)
capital allowances in excess of depreciation	(180)	(212)
adjustments to tax charge in respect of prior years	64	0
Current tax charge for year	1,290	214

5. Profit for the financial year

The parent company has taken advantage of Section 230 of the Companies Act 1985 and has not included its own profit and loss account in these financial statements.

The profit on ordinary activities after taxation of the company for the year was £120,000 (2004 loss of £429,000).

6. Earnings per share

Earnings per share is calculated by dividing the profit for the financial year of £4,980,000 (2004 - £2,719,000) by 11,654,508 (2004 - 11,797,808) fully paid ordinary shares, being the weighted average number of ordinary shares in issue during the year, excluding those held in the ESOP Trust. There is no impact on a full dilution of the earnings per share calculation as all shares are in issue. Options are in respect of shares in issue held by the ESOP Trust (see note 9).

7. Tangible fixed assets

Group:

	Freehold property	Long leasehold property	Plant, equipment and vehicles	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1st January 2005	7,372	1,000	28,342	36,714
Additions	40	0	3,238	3,278
Disposals	0	0	(3,319)	(3,319)
At 31st December 2005	7,412	1,000	28,261	36,673
Depreciation				
At 1st January 2005	21	0	22,044	22,065
Charge for year	21	0	2,328	2,349
Disposals	0	0	(2,877)	(2,877)
At 31st December 2005	42	0	21,495	21,537
Net book value at 31st December 2005	7,370	1,000	6,766	15,136
Net book value at 31st December 2004	7,351	1,000	6,298	14,649

Included within plant, equipment and vehicles are items subject to hire purchase with a book value of £3,268,000 (2004 - £3,666,000). The depreciation charge for the year on these assets was £983,000 (2004 - £1,134,000).

7. Tangible fixed assets (continued)

The figures stated above for cost or valuation include £4,005,000 of land which is not subject to depreciation.

The freehold and long leasehold properties were revalued in February and April 2004 by King Sturge, qualified chartered surveyors, on an existing use basis. The valuer was not an officer or an employee of the company. The directors consider that the value of the properties at 31st December 2005 would not materially differ from these valuations.
The effect of the revaluation has had no material impact on the depreciation charge. No deferred tax is provided on timing differences arising from the revaluation of fixed assets unless, by the balance sheet date, a binding commitment to sell the asset has been entered into and it is unlikely that any gain will be rolled over. If the properties had not been revalued they would have been included on an historical cost basis at £5,845,000 with accumulated depreciation of £760,000 giving a net book value of £5,085,000 (2004 - £5,066,000).

Company:

	Plant, equipment and vehicles
	£'000
Cost	
At 1st January 2005	267
Additions	46
Disposals	(4)
At 31st December 2005	309
Depreciation	
At 1st January 2005	184
Charge for year	30
Disposals	(3)
At 31st December 2005	211
Net book value at 31st December 2005	98
Net book value at 31st December 2004	83

8. Investments

Group:	Joint ventures	Held for resale	Total
	£'000	£'000	£'000
Cost			
At 1st January 2005	1,145	350	1,495
Share of profits retained	516	0	516
At 31st December 2005	1,661	350	2,011

Company:	Shares in subsidiary undertakings	Held for resale	Total
	£'000	£'000	£'000
Cost			
At 1st January & 31st December 2005	2,382	350	2,732

All Group companies have only ordinary shares in issue and are registered in England and Wales unless otherwise stated.

The principal trading subsidiary undertakings and joint ventures are as follows:

	Activity	Proportion of shares held by	
		Group	Company
		%	%
Amco Property Investments Plc	Property investment	100	100
Amco Developments Limited	Property development	100	100
Tolent Developments Limited	Property development	100	0
Amco Developments (Arundel Street) Limited	Property development	100	0
Checkhire Limited	Property development	50	0
Amco Strata Limited	Property development	50	0
Amco Strata (St Mary's Gate) Limited	Property development	50	0
Amco/Ashtenne Westmoreland St LLP	Property development	50	0
Rapidelevation Limited	Property development	50	0
Amalgamated Construction Co. Limited	Engineering	100	0
Amco Mining Services Limited	Mining Services	100	100
Billington Structures Limited	Structural steel	100	0
Hollybank Engineering Company Limited	Structural steel	100	0
Dosco Overseas Engineering Limited	Mechanical engineering	100	0
Amco Plastics Limited	Plastic products	100	0
Amco Interinvest Limited	Intra group leasing	100	100
Amco Insurance Company Limited (registered in Guernsey)	Self insurance	100	100

If the investment in the joint ventures were included at cost it would have been £750,550 at 31st December 2005 (2004 - £750,550).

8. Investments (continued)

A contract for the sale of Enyap Endustri Ve Yapi Elemanlari Sanayii A.Ş., a company registered in Istanbul, Turkey, by instalments ending in 2006, has been signed and accordingly the investment is now treated as held for resale. Previously the investment in the participating interest had not been included in the Group accounts using the equity method of accounting due to difficult trading conditions, high inflation and volatile exchange rates in Turkey.

The Group's share of the results, assets and liabilities of Checkhire Limited, the Group headed by Amco Strata Limited, Rapidelevation Limited and the Amco/Ashtenne Westmoreland Street LLP was:

	2005	2004
	£'000	£'000
Turnover	7,222	2,542
Profit before tax	739	178
Taxation	223	22
Profit after tax	516	156
Current assets	12,595	5,630
Current liabilities	10,934	4,485

9. Employee Share Ownership Plan

The Amco Corporation Plc Staff Share Option Scheme ("the Trust") was established by a Deed on 25th September 1991 made between the company and Bedell Cristin Trustees Limited (formerly Serine Limited) ("the Trustees"). The Trust was established for the benefit of the bona fide employees of the company and other Group companies ("the Beneficiaries"). The Trust is a Discretionary Trust whose assets are shares in the company and the Trustees have full authority and power to distribute such shares as they deem fit to the Beneficiaries. Administration costs amount to £2,000 per annum.

As of 31st December 2005 the Trust held 1,279,819 (2004 - 1,136,519) ordinary shares of 10p each in the capital of the company (9.89% of the allotted share capital (2004 - 8.79%)).

The market value of the shares in the ESOP at 31st December 2005 was £2,527,600 (2004 - £1,079,700). Dividends on these shares have not been waived.

As of 31st December 2005 118,000 (2004 - 165,000) shares of the company are under option.

10. Stock and work in progress

	2005	2004
	£'000	£'000
Group:		
Raw materials	2,242	2,297
Consumables and plant spares	1,253	784
Work in progress	7,358	7,312
Finished products	528	408
	11,381	10,801
Company:		
Consumables and spares	2	5

11. Debtors

	2005	2004
	£'000	£'000
Group:		
Amounts falling due within one year		
Trade debtors	12,988	9,564
Amounts owed from joint ventures	1,282	975
Other debtors	223	301
Current taxation	0	56
Prepayments and accrued income	592	894
Deferred tax asset (note 15)	738	1,419
	15,823	13,209

The recoverability of the deferred tax asset is dependent on future taxable profits.

	2005	2004
Company:		
Amounts falling due within one year		
Trade debtors	30	28
Amounts owed by group undertakings	7,563	2,312
Other debtors	56	165
Prepayments and accrued income	585	1,127
Current taxation	457	198
	8,691	3,830
Amounts falling due after more than one year		
Amounts owed by group undertakings	11,528	11,528

12. Creditors: amounts falling due within one year

	2005 £'000	2004 £'000
Group:		
Loans and bank overdrafts	123	2,291
Trade creditors	14,342	13,496
Payments received on account	39	1,972
Social security and other taxes	3,373	4,013
Other creditors	3,821	5,360
Accruals and deferred income	4,922	4,817
Current taxation	310	0
Hire purchase	1,723	1,685
	28,653	33,634
Company:		
Bank overdrafts	2,557	0
Trade creditors	87	57
Amounts owing to group undertakings	11,284	9,507
Social security and other taxes	30	33
Accruals and deferred income	554	213
	14,512	9,810

The Group and company have charged certain properties to secure bank borrowings. Amounts due under hire purchase contracts are secured on the assets to which they relate.

13. Creditors: amounts falling due after more than one year

	2005 £'000	2004 £'000
Group:		
Loans (note 14)	713	835
Hire purchase		
between one and two years	767	828
between two and five years	230	167
	1,710	1,830

14. Loans

	2005	2004
	£'000	£'000
Group:		
Loans at commercial rates -		
repayable within ten years	836	3,126
due within one year	(123)	(2,291)
	713	835
Aggregate amounts repayable by instalments-		
within one year	123	2,291
between one and two years	131	123
between two and five years	443	417
over five years	139	295
	836	3,126

The Group and company have charged certain properties to secure bank borrowings. Interest on borrowings is charged at 1.75% over the bank base rate. Loans are repayable by equal monthly instalments until 2011.

15. Deferred tax asset

Deferred tax provided in the financial statements is set out below and is calculated using a tax rate of 30%.

	2005	2004
	£'000	£'000
Group:		
Deferred tax asset		
At 1st January 2005	1,419	1,517
Charged in the year	(681)	(98)
At 31st December 2005	738	1,419
Accelerated capital allowances	686	836
Other timing differences	52	35
Tax losses carried forward	0	548
	738	1,419

The recoverability of the deferred tax asset is dependent on future taxable profits.

No provision has been made for deferred tax on gains recognised on revaluing the properties to their market value or the sale of properties where potentially taxable gains have been rolled over into replacement assets. Such tax would become payable only if the property was sold without it being possible to claim rollover relief. The total amount unprovided is £985,000. At present it is not envisaged that any tax will become payable in the forseeable future.

16. Financial instruments

The Group is primarily engaged in construction activities in the UK with some overseas contracts.

The Group uses financial instruments, other than derivatives, comprising borrowings, cash and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

The main risks arising from the Group financial instruments are interest rate, liquidity and currency risk. The board reviews and agrees policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

Short-term debtors and creditors have been excluded from all the following disclosures, other than the currency risk disclosure.

Interest rate risk

The Group finances its operations through a mixture of retained profits and bank borrowings. The Group exposure to interest rate fluctuations on its borrowings is managed by the use of both short-term fixed and floating facilities. The Group also mixes the duration of its deposits and borrowings to reduce the impact of interest rate fluctuations. Subsidiary bank balances and borrowings are managed centrally to keep within agreed facilities across the Group and to reduce interest costs.

Liquidity risk

The Group seeks to manage financial risk by ensuring liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Short term flexibility is achieved by overdraft facilities. Longer term projects are financed by medium and longer term loans depending on the project.

Currency risk

The Group seeks to hedge its exposures, where material, using a variety of financial instruments, with the objective of minimising fluctuations in exchange rates on future transactions and cash flows.

17. Called up share capital

Equity	2005		2004	
	Number of shares	£'000	Number of shares	£'000
Authorised				
Ordinary shares of 10p each	27,500,000	2,750	27,500,000	2,750
Allotted and fully paid				
Ordinary shares of 10p each	12,848,641	1,285	12,843,718	1,284
"A" ordinary shares of 10p each	85,686	8	90,609	9
	12,934,327	1,293	12,934,327	1,293

Both classes of share rank pari passu in all respects.

18. Reserves

Group:

	Share premium account	Capital redemption reserve	Property revaluation reserve	Other reserve - ESOP	Profit and loss account
	£'000	£'000	£'000	£'000	£'000
At 1st January 2005	1,864	132	3,284	(596)	589
Profit for the year	0	0	0	0	4,980
ESOP additions in year	0	0	0	(230)	0
ESOP disposals in year	0	0	0	28	0
Actuarial loss recognised in the pension schemes	0	0	0	0	(1,858)
Movement on deferred and current tax relating to pension liability	0	0	0	0	557
At 31st December 2005	1,864	132	3,284	(798)	4,268

The Group profit and loss account reserve includes a deficit of £12,640,000 (2004 - £11,840,000) relating to the net pension liability.

At the balance sheet date cumulative goodwill written off to reserves amounted to £148,000 (2004 - £148,000) and the cumulative negative goodwill credited to reserves amounted to £7,403,000 (2004 - £7,403,000).

Company:

	Share premium account	Capital redemption reserve	Other reserve - ESOP	Profit and loss account
	£'000	£'000	£'000	£'000
At 1st January 2005	1,864	132	(596)	6,229
ESOP additions in year	0	0	(230)	0
ESOP disposals in year	0	0	28	0
Profit for the year	0	0	0	120
At 31st December 2005	1,864	132	(798)	6,349

The profit and loss account includes non-distributable reserves of £964,000 (2004 - £983,000) relating to the consolidated reserves of the ESOP.

In the current year dividends of £1,282,000 were proposed after the balance sheet date. Under the previous accounting policy these would have been shown as a liability and deducted from the profit for the year. Under the new accounting policy these are not accrued. No dividends have been declared by the Company in respect of 2004, and thus the implementation of FRS 21 has had no impact on previously reported results and balance sheets.

19. Reconciliation of movements in shareholders' funds

	2005	2004
	£'000	£'000
Profit for financial year	4,980	2,719
ESOP movement in year	(202)	(15)
Other recognised gains and losses relating to the year	(1,301)	(2,822)
Net increase/(decrease) in shareholders' funds	3,477	(118)
Shareholders' funds at 1st January 2005	6,566	6,684
Shareholders' funds at 31st December 2005	10,043	6,566

20. Net cash inflow from operating activities

	2005	2004
	£'000	£'000
Group operating profit	6,472	3,038
Depreciation on tangible fixed assets	2,349	2,539
Reversal of provision against investment	0	(350)
Difference between pension charge and cash contributions	(908)	(935)
Profit on sale of fixed assets	(260)	(748)
(Increase)/decrease in stock and work in progress	(580)	75
Decrease/(increase) in debtors and amounts recoverable on contracts	3,790	(4,296)
(Decrease)/increase in creditors	(3,161)	3,954
Net cash inflow from operating activities	7,702	3,277

21. Reconciliation of net cashflow to movement in net funds/(debt)

	2005	2004
	£'000	£'000
Increase in cash in the year	2,120	4,579
Cash outflow/(inflow) on loans	2,290	(1,640)
Cash outflow on hire purchase	1,739	1,689
Change in net funds/(debt) resulting from cashflows	6,149	4,628
Inception of hire purchase	(1,779)	(1,499)
Movement in net funds/(debt) in year	4,370	3,129
Net debt at 1st January 2005	(188)	(3,317)
Net funds/(debt) at 31st December 2005	4,182	(188)

22. Analysis of changes in net funds/(debt)

	At 1st January 2005	Cashflow	Non cash items	At 31st December 2005
	£'000	£'000	£'000	£'000
Cash at bank and in hand	5,618	2,120	0	7,738
Bank and other loans	(3,126)	2,290	0	(836)
Hire purchase	(2,680)	1,739	(1,779)	(2,720)
	(188)	6,149	(1,779)	4,182

23. Major non-cash transactions

During the year the Group entered into hire purchase agreements in respect of assets with a total capital value at the inception of the leases of £1,779,000 (2004 - £1,499,000).

24. Ultimate controlling related party

In accordance with FRS 8 the Group is required to disclose its ultimate controlling related party. It is considered that on 31st December 2005 Amco Investments Limited was the Group's ultimate controlling related party by virtue of its shareholding.

25. Operating lease obligations

	2005	2004
	Land & buildings	Land & buildings
	£'000	£'000
Commitments to operating lease payments within one year are as follows:		
In respect of leases expiring		
within one year	27	56
between one and five years	136	105
over five years	64	64
	227	225

26. Retirement benefits

The Group operates funded pension schemes for certain employees and directors. The total contributions to all pensions by the Group for the year was £1,560,000 (2004 - £1,396,000).

Defined contribution schemes accounted for £461,000 (2004 - £272,000) of this amount with £1,099,000 (2004 - £1,124,000) relating to defined benefit schemes, where the benefits are based on final pensionable pay.

The pension costs relating to the defined benefit schemes are assessed in accordance with the advice of independent qualified actuaries using the projected unit method. The principal actuarial assumptions adopted were:

	2005	2004	2003
	%	%	%
Rate of increase in pensionable salaries	3.9	4.0	4.0
Rate of increase in pensions in payment	2.9	3.0	2.8
Discount rate	4.7	5.2	5.4
Inflation assumption	2.9	3.0	2.8

The assets of the schemes and the expected rate of return were:

	Long-term rate of return expected 31st December			Value at 31st December		
	2005	2004	2003	2005	2004	2003
	%	%	%	£'000	£'000	£'000
Equities	7.0	7.5	8.0	36,153	30,946	28,623
Bonds	4.5	5.0	5.5	6,451	4,719	3,993
Other	3.5	3.5	4.0	3,540	2,319	1,201
Total market value of assets				46,144	37,984	33,817
Present value of scheme's liabilities				(64,201)	(54,899)	(47,637)
Deficit in the scheme				(18,057)	(16,915)	(13,820)
Related deferred tax asset				5,417	5,075	4,146
Net pension liability				(12,640)	(11,840)	(9,674)

26. Retirement benefits (continued)

Analysis of amount charged to operating profit in respect of defined benefit schemes:

	2005	2004
	£'000	£'000
Current service cost	414	370
Total operating charge	414	370

Movement in deficit during the year:

	2005	2004
	£'000	£'000
Deficit in scheme at the beginning of the year	(16,915)	(13,820)
Movement:		
Current service cost	(414)	(370)
Contributions	1,322	1,305
Other finance (cost)/income	(192)	2
Actuarial loss	(1,858)	(4,032)
Deficit in scheme at the end of the year	(18,057)	(16,915)

Analysis of the amount (charged)/credited to other finance (cost)/income:

	2005	2004
	£'000	£'000
Expected return on pension scheme assets	2,646	2,565
Interest on pension scheme liabilities	(2,838)	(2,563)
Net (cost)/income	(192)	2

Analysis of amount recognised in statement of total recognised gains and losses:

	2005	2004
	£'000	£'000
Actual return less expected return on pension scheme assets	5,257	1,382
Experience gains and losses arising on the scheme liabilities	(415)	79
Changes in assumptions underlying the present value of the scheme liabilities	(6,700)	(5,493)
Actuarial loss recognised in statement of total recognised gains and losses	(1,858)	(4,032)

26. Retirement benefits (continued)

History of experience gains and losses has been:

	2005	2004	2003	2002	2001
Difference between the actual and expected return on scheme assets:					
Amount (£'000)	5,257	1,382	3,211	(9,909)	(7,275)
Percentage of scheme assets	11%	4%	9%	35%	22%
Experience gains and losses arising on the scheme liabilities:					
Amount (£'000)	(415)	79	796	175	(587)
Percentage of the present value of the scheme liabilities	0%	0%	2%	0%	0%
Total actuarial (loss)/gain recognised in statement of total recognised gains and losses:					
Amount (£'000)	(1,858)	(4,032)	3,227	(11,427)	(7,862)
Percentage of present value of scheme liabilities	3%	7%	7%	24%	18%

27. Related party transactions

The Group has a number of common directors with Tolent PLC. The Group has undertaken normal arms length trading activities with related undertakings of Tolent PLC throughout the year.

Turnover amounting to £1,436,000 (2004 - £1,988,000) at normal market rates is in respect of Tolent PLC related undertakings.

Tolent PLC related undertakings had turnover of £12,103,000 (2004 - £3,863,000) in respect of normal trade services and goods during the year with the Group and the joint ventures. At 31st December 2005 the Tolent PLC related undertakings balance included within creditors amounted to £959,000 (2004 - £4,200,000), payable under normal trade terms.