Registered no: 2995468

Fastline Limited

Annual Report and Financial Statements

for the year ended 31 March 2006

Annual report and financial statements for the year ended 31 March 2006

Fastline Limited

Directors and advisors

Directors	N Broadbent M D Houghton R W Entwistle G K H Mason B L Westbrook
Secretary	Secretariat Services Limited
Registered office	Meridian House The Crescent York YO24 1AW
Auditors	RSM Robson Rhodes LLP St George House 40 Great George Street Leeds LS1 3DQ
Bankers	Lloyds TSB Bank plc City Office PO Box 72 Bailey Drive Gillingham Business Park ME8 0LS
Solicitors	Slaughter & May 1 Bunhill Row London EC1Y 8YY

Fastline Limited

Directors' report for the year ended 31 March 2006

The directors present their report and the audited financial statements for the year ended 31 March 2006.

Principal activities and review of the business

Fastline Limited (the "Company") is a wholly owned subsidiary undertaking of Jarvis plc (the "Group"). The Company provides specialist plant, freight and transport solutions and has made solid progress during the year in securing a substantial proportion of Network Rail's contract awards, in particular the award of a three year contract for On Track Machines. The Company has also succeeded in diversifying its customer base during the year and its controlled entry into event lighting and the rail freight business is already showing great potential.

The On Track Machine contract together with additional associated work in Scotland is worth £26 million in its first year and includes the deployment of 46 machines covering the key territories in the London North West and London North East regions. Subsequent to the period end the Company has been awarded the operations for four Stoneblowers assigned to the London North East region and one in Scotland.

In the specialist plant division, the development and management of Jarvis Rail's patented Accutrack technology continues to go from strength to strength. The Slinger (Track Renewals Systems or TRS) and Mole (Rapid Ballast Excavator or RBE) have been recognised by Network Rail for their effectiveness.

The small plant division demonstrates the Company's ability to adapt rapidly to the changing business landscape. Despite losing a major project with Network Rail in 2005 the business still managed to achieve its financial objectives in the year by opening up new opportunities and broadening its market base.

The logistics division, which includes the freight and transport operations, supplies a wide range of road vehicles to more than 100 rail and general construction companies and is making inroads into the public sector with a number of local government customers.

The Company is a guarantor of the majority of the Group's various financing facilities details of which are disclosed in Note 1(a) and Note 20 to the accounts.

On 4 May 2005, the Company acquired the entire issued shares of a fellow subsidiary of the Group, On Track Plant Limited, from Jarvis plc. It is likely that the Group will secure the transfer of the business of this subsidiary to the Company during the current financial year.

Results for the year

The profit for the financial year reported in the accounts was £2,514,000 (2005: restated loss of £3,721,000).

Fastline Limited

Directors' report (continued)

Dividends

The Directors do not recommend the payment of a dividend (2005: £nil), leaving a retained profit of £2,514,000 (2005: restated retained loss of £3,721,000) to be transferred to reserves.

Key performance indicators (KPI's)

The key performance indicators of the Group are disclosed in the Report and Accounts of Jarvis plc. As a subsidiary company of the Group and being a small operation in its own right the principal financial performance indicators used by the management team to measure performance are revenue, operating profit/(loss) before non recurring costs, operating margin and operating cashflow. Source data for the information below is taken from audited financial statements.

This is reported below:

Key performance indicator	2006	2005
	£'000	£'000
Revenue	£108,386	£90,792
Operating profit/(loss) before non-recurring costs	£3,955	£(1,004)
Operating margin	3.6%	(1.1)%
Operating cashflow	£22,672	£21,300

Risks and Uncertainties

In order to manage the business effectively the directors have to identify and respond both to the risks inherent in the business environment and those particular to the fields in which the Company operate. The Group has recently reviewed its risk management procedures for the identification and monitoring of both strategic and operational risks. The stated intention of the Group directors is to embed risk identification and evaluation within the operational process and risk reporting is a formal consideration in the Monthly Operating Review meeting for the division's operational management. Key issues are escalated within the Group management hierarchy.

The Company's directors continue to evaluate the future strategy of the business, in conjunction with the Group directors. The management team recognise the uncertainty for the business with the majority of its revenue arising from its On Track Machine supply to Network Rail. The development of business in other areas including event lighting, small plant, freight transportation and plans to extend the market reach to international markets are representative of the management's desire to address these risks.

Financial Risk Management

The Company's operations expose it to a variety of financial risks but the principal financial risk is funding and liquidity due to the nature of the business and its commercial arrangements with clients. The treasury department of the Group implements appropriate risk management strategies to ensure adequate cost effective funding whilst limiting the adverse effects of liquidity, credit and interest rate risks on the Company. The treasury team ensures that financial risks are identified by means of formalised reporting, a regular review of operational results and involvement in the planning and forecasting processes.

Credit Risk
The Company's credit risk is primarily attributable to the structure of its customer base with certain customers, who operate through measured contracts and its exposure to leasing of plant assets for the business. The Group's main working capital funding facility is syndicated with highly credit rated banks and institutions, with surplus cash being invested with highly credit rated banks.

Interest rate risk
The Company benefits from loan facilities negotiated by the Group. The Group facilities are predominantly subject to floating interest rates due to the type of facility in place. During the year certain of the Group facilities which were subject to floating rates of interest were managed by the use of derivative instruments such as interest rate swaps to generate the desired interest profile.

Funding and Liquidity Risk
A key function of the Group's Treasury department is to ensure that the Company has sufficient cost effective facilities to meet its obligations in the short, medium and long terms with regard to the Company's underlying cash generation and usage. In order to establish the funding requirement the Group's Treasury department monitors:

- Regular cash flow forecasts prepared by the company's finance team
- Budgets and forecasts
- Actual trading results and resultant debt and balance sheet positions
- Capital expenditure requests
- Information provided by the executive management of the Company.

Fastline Limited

Directors' report (continued)

Directors

The directors holding office during the year ended 31 March 2006 together with dates of resignation and appointment are shown below:

N Broadbent	
R W Entwistle	(appointed 21 October 2005)
M D Houghton	
A P Lezala	(resigned 17 June 2005)
G K H Mason	
G Ray	(resigned 29 April 2005)
B L Westbrook	

There is third party indemnity insurance in place for the directors of the company.

Directors' interests

At 31 March 2006 none of the directors had any interests in the shares of the Company.

The interests of RW Entwistle in the shares and options over shares of Jarvis plc are disclosed in the Directors' Remuneration Report in the financial statements of that company. The interests of the other directors in the shares and options over shares of Jarvis plc were as follows:

Interests in Jarvis plc shares of 5p each		
	At 1 April 2005 or date of appointment	**At 31 March 2006**
N Broadbent	4,367	10
G K H Mason	500	1,320
M D Houghton	1,179	40
B L Westbrook	43,801	8,680

Between 1 September 2005 and 28 September 2005, as a result of a share capital restructuring:

- N Broadbent's 4,367 shares were consolidated into 10 ordinary shares.
- G K H Mason's 500 shares were consolidated into 1 ordinary share, after which he purchased 19 ordinary shares in the subsequent open offer.
- M D Houghton's 1,179 shares were consolidated into 2 ordinary shares, after which he purchased 38 ordinary shares in the subsequent open offer.
- B L Westbrook's 43,801 shares were consolidated into 109 ordinary shares, after which he purchased 2,071 ordinary shares in the subsequent open offer.

Fastline Limited

Directors' report (continued)

Separately, G K H Mason purchased an additional 1,300 shares at a price of £0.76 per share on 30 September 2005 and B L Westbrook purchased an additional 6,500 shares at a price of £0.76 per share on 30 September 2006.

Interests in Options over Jarvis plc shares of 5p each							
				Options	Options		
		Grant	Exercise	at	at	Dates Exercisable	
Director	Scheme	Date	Price	1/4/05	31/3/06	From	To
M D Houghton	Management Incentive Plan	30/11/05	£0.8673	nil	225,000	Nov-05	Nov-10
B L Westbrook	Management Incentive Plan	30/11/05	£0.8673	nil	225,000	Nov-05	Nov-10

On 3 April 2006, G K H Mason was granted options over 4,274 shares at £0.70 per share in Jarvis plc under the Save As You Earn Share Option Scheme. These options are exercisable between June and November 2009.

On 3 April 2006, M D Houghton was granted options over 13,357 shares at £0.70 per share in Jarvis plc under the Save As You Earn Share Option Scheme. These options are exercisable between June and November 2009.

On 3 April 2006, B L Westbrook was granted options over 13,357 shares at £0.70 per share in Jarvis plc under the Save As You Earn Share Option Scheme. These options are exercisable between June and November 2009.

Employee involvement

The directors attach the greatest importance to the development of employee involvement throughout the Company based on good communication and working relationships. Consultation takes place through normal regular management contacts and in meetings with all levels of employees to assist the employers in developing their awareness of the financial and economic factors which affect the business and performance of the company.

Creditor payment terms

When entering into commitments for the purchase of services and goods the Company seeks to give due consideration to quality, price and the terms of payment. Suppliers are made aware of these terms. During the Company's recent financial difficulties however, it has become necessary to extend terms of payment in certain circumstances with key sub-contractors and other suppliers. The Company abides by whatever is agreed, where it is satisfied that suppliers have provided the services or goods in accordance with such agreed terms and conditions. In the event of disputes, every effort is made to resolve these quickly.

Fastline Limited

Directors' report (continued)

Environment

The Company's policy with regard to the environment is to ensure that we understand and effectively manage the actual and potential environmental impact of our activities. Our operations are conducted such that we comply with all legal requirements relating to the environment in all areas where we carry out our business. During the period covered by this report the Company has not incurred any fines or penalties or been investigated for any breach of environmental regulations.

Statement of directors' responsibilities for the financial statements

The directors are responsible for preparing the financial statements in accordance with applicable law and 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 company and of the profit or loss of the company for that period. In preparing those 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which 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.

Disclosure to the auditors

As required by section 234ZA of the Companies Act 1985, as far as the directors are aware, all relevant information required by the auditors has been disclosed to them and the directors have taken all reasonable steps to identify information that might be of relevance for the audit of the business and have ensured that the information has been disclosed.

Fastline Limited

Directors' report (continued)

Auditors

Having passed elective resolutions of the shareholders the Company is exempt from the obligation to annually re-appoint auditors and to hold annual general meetings. Accordingly the board recommends that RSM Robson Rhodes LLP continue in office as auditors to the Company.

Approval

The Report of the Directors was approved on 29 September 2006 and signed on its behalf by:

Secretariat Services Limited

Secretary

Fastline Limited

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF FASTLINE LIMITED

We have audited the financial statements on pages 11 to 27. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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 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 report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

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.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF FASTLINE LIMITED (continued)

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 affairs of the company as at 31 March 2006 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.
- The information given in the directors' report is consistent with the financial statements.

RSM Robson Rhodes LLP.

RSM Robson Rhodes LLP
Chartered Accountants and Registered Auditors

Leeds, England
29 September 2006

Fastline Limited

Profit and loss account
for the year ended 31 March 2006

	Notes	Year ended 31 March 2006 £'000	Year ended 31 March 2005 Restated £'000
Turnover	2	**108,386**	90,792
Cost of sales		**(83,976)**	(89,763)
Gross profit		**24,410**	1,029
Administration expenses	5	**(20,455)**	(2,033)
Operating profit/(loss)	3	**3,955**	(1,004)
Dividends received from subsidiaries		**305**	-
Interest receivable		**7**	-
Interest payable and similar charges	8	**(1,479)**	(7)
Profit/(loss) on ordinary activities before taxation		**2,788**	(1,011)
Tax on profit on ordinary activities	9	**(274)**	(2,710)
Profit/(loss) on ordinary activities after taxation	18	**2,514**	(3,721)

The results above reflect the continuing operations of the company.

Statement of total recognised gains and losses

	Year ended 31 March 2006 £'000	Year ended 31 March 2005 £'000 Restated
Profit/(loss) for the year after tax	**2,514**	(3,721)
Prior period restatement	-	2,208
Total recognised gains and losses	**2,514**	(1,513)

The notes on pages 13 to 27 form part of these financial statements.

Fastline Limited

Balance sheet
at 31 March 2006

	Notes	**31 March 2006**	31 March 2005 Restated
		£'000	£'000
Fixed assets			
Tangible assets	10	**17,436**	11,800
Investment in subsidiaries	11	**20,487**	7,152
		37,923	18,952
Current assets			
Stocks and work in progress	12	**1,398**	371
Debtors	13	**20,281**	26,797
Cash at bank and in hand		**-**	1,105
		21,679	28,273
Creditors: amounts falling due within one year	15	**(75,751)**	(65,767)
Net current liabilities		**(54,072)**	(37,494)
Total assets less current liabilities		**(16,149)**	(18,542)
Creditors: amounts falling due in more than one year	16	**(31)**	(152)
Net liabilities		**(16,180)**	(18,694)
Capital and reserves			
Called up share capital	17	**5,000**	5,000
Profit and loss account	18	**(21,180)**	(23,694)
Equity shareholders' deficit	18	**(16,180)**	(18,694)

The notes on pages 13 to 27 form part of these financial statements.

The Financial Statements on pages 11 to 27 were approved by the Board on 29 September 2006 and were signed on its behalf by:

G K H Mason
Director

Notes to the Financial statements for the year ended 31 March 2006

1 Principal accounting policies

(a) Basis of preparation

The Company is a subsidiary undertaking of Jarvis plc ("the Parent" or "Jarvis") and a guarantor of the various financing facilities of the Parent's group of companies (the "Group"). In addition, the Company is dependent upon the continued provision of finance by the Group to enable it to meet its liabilities as they fall due.

Although the Group has incurred significant trading losses and cash outflows during the two years to 31 March 2005, the directors believe that the effects of internal restructuring and corporate disposals undertaken will bring about improved operating results as indicated in the Group's March 2006 Preliminary Report, detailing the impact of the financial restructuring which was finalised on 29 September 2005. Subsequently, the Group has completed a refinancing of its existing banking facilities, as described in Note 20: Contingent liabilities, the proceeds of which will be used to repay the Group's existing bank facilities and to finance its future ongoing operations.

Given the financial situation of the Group described above, the Company's Directors consider that the Company will be able to trade and meet its liabilities as they fall due for at least the 12 months following the date of approval of these financial statements. Accordingly, these financial statements are prepared on the going concern basis.

(b) Accounting convention

The financial statements have been prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets and in accordance with applicable accounting standards and the Companies Act 1985.

(c) Changes in accounting policy

(i) Pensions

As of the year ended 31 March 2006, the Company has accounted for its defined benefit pension schemes in accordance with Financial Reporting Standard (FRS) 17- Retirement Benefits. These defined benefit schemes fulfil the criteria for multi-employer schemes under FRS 17, and have therefore been accounted for as defined contribution schemes. Full details are given in note 7 to the accounts. The previous policy was to account for pensions under SSAP 24 'Accounting for Pension Costs' with FRS 17 transitional disclosure notes included in the financial statements.

(ii) Long term contracts

Following a review of the accounting policies adopted by the Group, the Company has adopted a revenue recognition policy on long term contracts based on customer agreements and certifications. Further details of the new long-term contracts accounting policy are given below. The company had previously adopted a cost plus basis for accounting for long term contracts.

These changes in accounting policy have created prior period adjustments. These are analysed in note 4.

Notes to the Financial statements (continued) for the year ended 31 March 2006

Principal accounting policies (continued)

(d) Prior period adjustment

A review of asset carrying values identified an error in the financial statements for periods up to 31 March 2005 which resulted in no depreciation being applied to certain assets. The correction of this error has resulted in an opening balance sheet adjustment in accordance with FRS 18 Accounting Policies.

The impact of this adjustment is shown in note 4.

(e) Tangible fixed assets

Tangible fixed assets other than freehold and leasehold properties are stated at cost to the company, being their purchase cost including fair value adjustments, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less any residual value, on a straight line basis over the expected useful economic lives of the assets concerned.

The principal rates of depreciation used for this purpose are:

Plant and machinery	$6^2/_3$ % - $33^1/_3$% per annum
Motor vehicles	25% per annum
Fixtures and fittings	10% - 25% per annum
Office equipment	25% - 50% per annum

In accordance with Financial Reporting Standard 11, any impairment of fixed assets will be charged to the profit and loss account in the year it arises.

Certain items of plant and equipment were revalued in 1996, and computer equipment was revalued in 1997. In accordance with the transitional provisions of FRS15, the valuations have not been updated.

(f) Stocks

Stocks and manufacturing work-in-progress are stated at the lower of cost, including attributable overheads, and net realisable value.

Notes to the Financial statements (continued) for the year ended 31 March 2006

Principal accounting policies (continued)

(g) Long term contracts

When the outcome of a long-term contract can be estimated reliably, contract revenue is recognised by reference to the degree of completion of each contract, based on the amounts certified and to be certified by the customer.

Incentive payments and insurance claims arising from long-term contracts are included where they have been agreed with the client. Variations and other claims are included where it is probable that the amount will be settled, based on agreement in principle with the customer. When the outcome of a long-term contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable those costs will be recoverable.

Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately.

(h) Pre-contract costs

All costs incurred in advance of a contract being awarded are written off to the profit and loss account, until the date that, in the opinion of the directors, it is virtually certain that the contract has been secured. Where the directors consider virtual certainty has been achieved but the contract has not been awarded, costs are carried as work in progress, to the extent that the contract is expected to result in future net cash inflows (i.e. future revenues less attributable costs).

Where guarantees have been given by a prospective client in respect of the reimbursement of pre-contract costs should the Company's bid be unsuccessful, then relevant costs will be included as an asset to the extent that they are considered recoverable.

(i) Taxation

The charge or credit for taxation is based on the result for the year as adjusted for disallowable items.

Notes to the Financial statements (continued) for the year ended 31 March 2006

Principal accounting policies (continued)

(j) Deferred taxation

Full provision has been made for deferred taxation in respect of timing differences, that have originated but not reversed at the balance sheet date as the result of an event which results in an obligation to pay more or less tax in the future except that:

- Provision is made for gains on disposals of assets that have been rolled over into replacement assets only where there is a commitment to dispose of the replacement assets.
- Provision is not made for the remittance of a subsidiary, associate or joint venture's earnings that would cause tax to be payable where no commitment has been made to the remittance of the earnings.
- Deferred tax assets are recognised to the extent that it is 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 on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates enacted at the balance sheet date.

(k) Leases

Costs in respect of operating leases are charged against operating profit on a straight line basis over the lease term.

Leasing agreements which transfer to the Company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. Finance charges are allocated to the profit and loss account so as to produce a constant periodic rate of charge on the remaining balance of the obligation. Depreciation on such assets is charged to the profit and loss account over the shorter of the lease term and their useful life.

(l) Pensions

The Company contributes to defined contribution pension schemes and to personal pension plans according to the arrangements agreed with employees. Contributions paid by the Company are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

The Company contributes to defined benefit pension schemes according to the arrangements agreed with employees. These schemes are valued every three years by a qualified actuary, the rates of contribution payable being determined by the actuary. In the intervening years the appropriateness of the last valuation is reviewed annually. The Company is unable to identify its share of the underlying assets and liabilities of these defined benefit schemes on a consistent and reasonable basis and is therefore accounting for these as defined contribution schemes, in accordance with FRS 17.

Notes to the Financial statements (continued) for the year ended 31 March 2006

Principal accounting policies (continued)

(m)Cash flow statement

The Company is a wholly owned subsidiary of Jarvis plc and the cash flows of the Company are included in the consolidated cash flow statement of Jarvis plc. Consequently, the Company is exempt under the terms of Financial Reporting Standard 1 (revised) from publishing a cash flow statement.

(n) Related party transactions

The Company is a wholly owned subsidiary of Jarvis plc and as such the Company has taken advantage under the terms of Financial Reporting Standard 8 not to disclose related party transactions which are eliminated on consolidation.

(o) Consolidated accounts

By virtue of section 228 of the Companies Act 1985, the results of the Company's subsidiary undertakings have not been consolidated in these financial statements as the Company is itself a wholly owned subsidiary of Jarvis plc, a company incorporated in England & Wales, which is preparing consolidated accounts. The financial statements present information about the Company and not its group.

2 Turnover

Turnover, all of which arises from operations within the United Kingdom, excludes value added tax, and represents the value of contract work carried out during the year.

3 Operating profit / (loss)

	Year ended 31 March 2006 £'000	Year ended 31 March 2005 £'000
This is stated after charging / (crediting):		
Hire of plant and machinery	**34,997**	35,590
Auditors' remuneration – audit services		-
Auditors' remuneration – non-audit services		-
Depreciation charge for the year:		
- Tangible owned fixed assets	**(1,206)**	909
- Tangible fixed assets held under finance leases	**140**	30
- Loss on disposal of fixed assets	**155**	288
- Impairment charge	**-**	1,468
Operating lease rentals - plant and machinery	**19,548**	5,123

The audit fees for the years ended 31 March 2006 and 31 March 2005 were borne by a fellow group undertaking.

Notes to the Financial statements (continued) for the year ended 31 March 2006

4 Prior period adjustments

	As previously Stated £'000	Fixed asset restatement £'000	Pension adjustment £'000	Revenue recognition adjustment £'000	As restated £'000
2005					
Profit and loss account					
Profit/(loss) before tax	1,077	(1,028)	(400)	(660)	(1,011)
Loss for the financial year	(1,513)	(1,028)	(520)	(660)	(3,721)
Balance sheet					
Net liabilities	(6,074)	(4,625)	(7,333)	(662)	(18,694)
2006					
Profit and loss account					
Profit before tax	2,771	-	-	17	2,788
Profit for the financial year	2,497	-	-	17	2,514
Balance sheet					
Net liabilities	(3,577)	(4,625)	(7,333)	(645)	(16,180)

5 Directors' emoluments

	Year ended 31 March 2006 £'000	Year ended 31 March 2005 £'000
Aggregate emoluments	**173**	342
Contributions to defined contribution pension arrangements	**14**	10
	187	352

Retirement benefits were accruing to one director during the year (2005: two) under defined contribution pension arrangements in respect of qualifying service.

Highest Paid Director

	Year ended 31 March 2006 £'000	Year ended 31 March 2005 £'000
Directors' emoluments	**173**	238
Pension contributions	**14**	5
Directors' emoluments	**187**	243

Notes to the Financial statements (continued) for the year ended 31 March 2006

The emoluments of Messrs R W Entwistle and A P Lezala were paid by Jarvis plc and their emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of that company.

The emoluments of Messrs N Broadbent, G K H Mason, G Ray and B L Westbrook were paid by Jarvis plc and are included in the employment costs of that company. It is not practicable to apportion their remuneration between their services as an employee of Jarvis plc and as directors of the company.

6 Employee information

The average monthly number of persons employed by the company, including executive directors, during the year, was as follows:

	Year ended 31 March 2006 Number	Year ended 31 March 2005 Number
Renewals	**751**	510

The employment costs of all employees included above were:

	Year ended 31 March 2006 £'000	Year ended 31 March 2005 Restated £'000
Wages and salaries	**29,017**	17,731
Social security costs	**2,759**	1,722
Pension costs	**887**	942
	32,663	20,395

Other pension costs in the year ended 31 March 2006 comprise the ongoing annual contributions of £887,000 (2005: £942,000).

7 Retirement benefits

The Company operates a number of pension arrangements comprising both defined benefit and defined contribution schemes. The Railway Pension Scheme (RPS) is the only material scheme for the purpose of calculating defined benefit costs, and pension scheme assets and liabilities, in accordance with FRS 17 – Retirement Benefits. The RPS is a funded UK defined benefit scheme, the assets of which are held in trustee administered funds separate from the Company and the Group.

The defined benefit schemes are closed to new entrants, other than for new employees who qualify for participation in the RPS. Other eligible new employees are offered participation in the Group's defined contribution scheme.

Notes to the Financial statements (continued) for the year ended 31 March 2006

7 Retirement benefits (continued)

Eligible employees participate in three shared cost sections of the RPS, comprising Jarvis Facilities, Fastline and Relayfast sections. The latest triennial actuarial valuation of the RPS was at 31 December 2004, and was undertaken by professionally qualified and independent actuaries. At that date the market value of assets was £270.6m and the average funding level was 102%. The Company is unable to identify its share of the RPS underlying assets and liabilities on a consistent and reasonable basis and is therefore accounting for it as a defined contribution scheme, in accordance with FRS 17.

For the year ended 31 March 2006, employer contributions to the three Jarvis sections of the RPS were 7.5% of pensionable pay until 30 September 2005, after which date they increased to 9% for all three sections. There were further increases to the employer contribution rate on 17 June 2006, when the rates increased to 16.74%, 16.56% and 16.2% for the Relayfast, Fastline, and Jarvis Facilities sections respectively. Total employer contributions paid by the Company in respect of the three RPS sections for the year ended 31 March 2006 were £0.58 million (2005: £0.43 million). The increased contribution rates are reflected in the actuarial valuation and funding level.

For other eligible employees, contributions are made to defined contribution arrangements based on a pre-determined percentage of individual salaries. The cost of contributions to defined contribution arrangements, and other non-material defined benefit schemes accounted for as defined contribution schemes, for the year ended 31 March 2006 was £0.31 million (2005: £0.19 million). Unpaid contributions as at 31 March 2006 relating to defined contribution arrangements were £0.07 million (2005: £0.03 million).

8 Interest payable and similar charges

	Year ended 31 March 2006 £'000	Year ended 31 March 2005 £'000
On loans from ultimate parent undertaking	**1,460**	-
On finance leases	**19**	5
Other bank interest	**-**	2
	1,479	7

Fastline Limited

Notes to the Financial statements (continued) for the year ended 31 March 2006

9 Taxation

9(a) Analysis of tax charge/(credit) in the year

The tax charge/(credit) for the year comprises:	**Year ended 31 March 2006 £'000**	Year ended 31 March 2005 Restated £'000
United Kingdom corporation tax at 30% (2005: 30%):	**-**	-
Adjustment in respect of prior periods	**272**	(360)
Payment for group relief	**2**	-
Current tax charge/(credit) for year (note 9b)	**274**	(360)
Deferred Tax :		
Current year	**-**	3,106
Prior years	**-**	(36)
Total deferred tax	**-**	3,070
Tax on profit on ordinary activities	**274**	2,710

9(b) Factors affecting tax credits for the period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	Year ended 31 March 2006 £'000	Year ended 31 March 2005 Restated £'000
Profit on ordinary activities before tax	**2,788**	1,011
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2005:30%)	**836**	303
Effects of:		
Expenses not deductible for tax purposes	**(72)**	27
Capital allowances in excess of depreciation	**366**	-
Utilisation of tax losses	**(1,094)**	(400)
Short-term timing differences	**(34)**	70
Adjustments to tax charge in respect of previous periods	**272**	(360)
Current tax charge/(credit) for year (note 9a)	**274**	(360)

Fastline Limited

Notes to the Financial statements (continued) for the year ended 31 March 2006

10 Tangible fixed assets

	Plant & equipment £'000	Total £'000
Cost or valuation:		
At 1 April 2005	**21,080**	**21,080**
Prior year restatement	**8,817**	**8,817**
At 1 April 2005 (restated)	**29,897**	**29,897**
Additions in the year	**4,968**	**5,912**
Disposals	**(1,019)**	**(1,963)**
At 31 March 2006	**33,846**	**33,846**
Depreciation:		
At 1 April 2005	**3,865**	**3,865**
Prior year restatement	**14,232**	**14,232**
At 1 April 2005 (restated)	**18,097**	**18,097**
Charge in the year	**(1,066)**	**(1,066)**
Eliminated on disposals	**(621)**	**(621)**
At 31 March 2006	**16,410**	**16,410**
Net book value:		
At 31 March 2006	**17,436**	**17,436**
At 31 March 2005 - restated	11,800	11,800

The net book value of tangible fixed assets includes an amount of £96,295 (2005 £226,620) in respect of assets held under finance leases.

11 Investment in subsidiaries

	31 March 2006 £'000	31 March 2005 £'000
At 1 April 2005	7,152	-
Acquisitions – Jarvis Plant Hire Limited	1,508	7,152
- On Track Plant Limited	11,827	-
At 31 March 2006	20,487	7,152

Notes to the Financial statements (continued) for the year ended 31 March 2006

Investment in subsidiaries (continued)

Name of Undertaking	Country of Incorporation	Description of shares held	Nature of Business
Jarvis Plant Hire (Holdings)Limited	England and Wales	Ordinary	Intermediate holding company
On Track Plant Limited	England and Wales	Ordinary	Hire of rail plant

On 4 May 2005, the company acquired the entire issued shares in On Track Plant Limited from Jarvis plc.

12 Stocks and work in progress

	31 March 2006 £'000	31 March 2005 £'000
Stock of spares	**1,398**	-
Work in progress	**-**	371
	1,398	371

13 Debtors

	31 March 2006 £'000	31 March 2005 Restated £'000
Amounts falling due within one year:		
Trade debtors	**9,996**	13,768
Amounts recoverable on contracts	**3,228**	3,893
Prepayments and accrued income	**1,586**	1,533
Amounts owed by group undertakings	**2,009**	6,187
Other taxation	**3,010**	-
Corporation tax	**-**	964
Deferred tax (note 14)	**452**	452
	20,281	26,797

Notes to the Financial statements (continued) for the year ended 31 March 2006

14 Deferred Taxation

	Deferred Taxation £'000
At 1 April 2005	452
Credit to the profit and loss account	-
At 31 March 2006	**452**

	31 March 2006 £'000	31 March 2005 £'000
Tax effect of timing differences because of:		
Fixed asset timing differences	**-**	-
Other	**452**	452
	452	452

15 Creditors: amounts falling due within one year

	31 March 2006 £'000	31 March 2005 Restated £'000
Bank overdraft	**352**	-
Trade creditors	**5,318**	5,952
Amounts owed to group undertakings	**61,484**	43,274
Obligations under finance leases	**120**	112
Corporation tax due	**1,265**	-
Other taxation and social security	**11**	1,594
Other creditors	**205**	-
Accruals and deferred income	**6,996**	14,835
	75,751	65,767

Amounts owed to group undertakings are included under amounts falling due within one year as the dates of their repayment are not fixed. Whilst the amounts are technically repayable on demand and hence are included in creditors falling due within one year, the directors are of the opinion that, in the ordinary course of business, repayment within such a time scale would not be required.

Fastline Limited

Notes to the Financial statements (continued) for the year ended 31 March 2006

16 Creditors: amounts falling due in more than one year

	31 March 2006 £'000	31 March 2005 £'000
Obligations under finance leases	**31**	152
	31	152

17 Called up share capital

	31 March 2006 No '000	31 March 2005 No '000
Authorised		
Ordinary shares of £1 each	**10,000**	10,000
	10,000	10,000

	31 March 2006 £'000	31 March 2005 £'000
Allotted, called up and fully paid		
Ordinary shares of £1 each	**5,000**	5,000
	5,000	5,000

18 Reconciliation of movements in shareholders' funds

	Share capital	**Profit and loss account**	**Total shareholders' funds**
	£'000	**£'000**	**£'000**
At 1 April 2003	5,000	1,944	6,944
Loss for the year as previously stated	-	(11,505)	(11,505)
Prior period restatement	-	(10,412)	(10,412)
At 1 April 2004 restated	5,000	(19,973)	(14,973)
Loss for the year	-	(1,513)	(1,513)
Prior period restatement	-	(2,208)	(2,208)
At 31 March 2005 restated	5,000	(23,694)	(18,694)
Profit for the year	-	2,514	2,514
At 31 March 2006	**5,000**	**(21,180)**	**(16,180)**

Fastline Limited

Notes to the Financial statements (continued) for the year ended 31 March 2006

19 Capital commitments

The Company had capital commitments of £1,179,000 at 31 March 2006 (2005: £670,000).

20 Contingent liabilities

Guarantees have been given by the Company in the ordinary course of business, without limit, in respect of loans and overdrafts of its ultimate parent (Jarvis plc) and fellow subsidiary undertakings (together 'the Group'), which amounted to £38.5m as at 31 March 2006 (2005: £300m).

Subsequent to the balance sheet date, the Group completed a refinancing of its existing banking facilities on 27 July 2006. The new arrangements consist of committed facilities of £67m comprising of a revolving credit facility and term loan facilities. The facilities are secured by way of a fixed and floating charge on the Group's assets, in particular its plant, machinery and receivables under its rail renewal and plant hire contracts. The proceeds of this arrangement will be used to repay the Group's existing bank facilities and to finance its future ongoing operations. The new facility will expire on 26 July 2009. Consequently, as at 29 September 2006, the Company is a guarantor of the Group's working capital facilities of £67m.

A termination of the Group's working capital facilities would crystallise the Company's guarantee, both in respect of the repayment of these facilities and in respect of other costs associated with early redemption.

The Company has also guaranteed performance bonds in respect of contracts entered into by fellow subsidiary undertakings in the normal course of business

21 Financial commitments

The Company had the following annual obligations under operating leases:

	31 March 2006 Vehicles, plant and machinery £'000	31 March 2005 Vehicles, plant and machinery £,000
Expiring between two and five years	**10,119**	920
Expiring in over five years	**15,446**	1,555
	25,565	2,475

Notes to the Financial statements (continued) for the year ended 31 March 2006

22 Immediate and ultimate Parent undertaking and controlling party

The Company's immediate parent undertaking is Jarvis Fastline Group Limited, a company registered in England and Wales. The Company's ultimate parent undertaking and ultimate controlling party is Jarvis plc, a company registered in England and Wales whose financial statements may be obtained from the Secretary, Jarvis plc, Meridian House, The Crescent, York, YO24 1AW.