

Registered Company Number 196260

WESTPILE LIMITED

31st December 1997



REPORT OF THE DIRECTORS

The directors present their report and the audited accounts for the year ended 31st December 1997.

ACTIVITIES

The principal activity of the company is the business of piling and foundation engineering and contracting.

REVIEW OF THE BUSINESS AND FUTURE PROSPECTS

Although there was no obvious sign of an improvement in the UK piling market in 1997 the company has moved into profit through a combination of the strengthened management structure, a more selective approach to tendering and investment in new plant and technology. This allowed the company to carry out a number of large profitable contracts in the year. The programme of capital investment will continue into 1998 to consolidate the company as a major provider of innovative design solutions to foundation engineering.

RESULTS

The results of the company are as set out in the profit and loss account on page 5.

The directors do not recommend the payment of a dividend (1996 - £Nil).

DIRECTORS

The directors who served during the year are set out below:-

S J Mallion	
P H Derbyshire	
D E Mills	
J H Vyse	(appointed 1.1.97)
P V Deighan	(appointed 1.7.97)
J P McIntyre	(resigned 10.1.97)
M E Bond	(resigned 31.1.97)

Mr P V Deighan was appointed a director since the last A.G.M and, being eligible, offers himself for re-election at the next Annual General Meeting.

In accordance with the Articles of Association Mr D E Mills retires by rotation at the next Annual General Meeting and, being eligible, offers himself for re-election.

None of the directors has any beneficial interest in the shares of the company.

The interests of the directors at 31st December 1997 in the capital of the ultimate parent undertaking are as stated below.

REPORT OF THE DIRECTORS (continued)

DIRECTORS (continued)

	<u>Shares of 10p each</u>		<u>Options Over Share of 10p each</u>		<u>Exercise Price p</u>	<u>Period of Exercise</u>
	<u>01.01.97</u>	<u>31.12.97</u>	<u>01.01.97</u>	<u>31.12.97</u>		
S J Mallion	Nil	Nil	Nil	1,957	199.20	01.01.01 to 30.06.01
P H Derbyshire	1,000	Nil	Nil	4,892	199.20	01.01.01 to 30.06.01
D E Mills	Nil	Nil	Nil	4,892	199.20	01.01.01 to 30.06.01
P V Deighan	Nil	Nil	Nil	977	199.20	01.01.01 to 30.06.01
J H Vyse	Nil	Nil	Nil	11,175	268.40	18.6.00 to 17.6.07
J H Vyse	Nil	Nil	Nil	38,825	268.40	18.6.00 to 17.6.04
J H Vyse	Nil	Nil	Nil	8,658	199.20	01.01.03 to 30.06.03

In accordance with a resolution of shareholders passed at an extra-ordinary general meeting of Tilbury Douglas plc held on 31st October 1997 the nominal value of the shares was reduced through a share split on the basis of 5 new shares of 10p for every 2 existing shares of 25p.

The market price of the shares at 31st December 1997 was 195p. The range of closing prices during the year was 193p to 305p.

The directors have no other interest in any other group undertaking (1996 - none).

POLICY ON PAYMENT OF CREDITORS

It is the Company's normal practice to agree payment terms with its suppliers. Payment is made when it can be confirmed that goods and/or services have been provided in accordance with the relevant contractual conditions. At 31st December 1997 the amount owed to trade creditors payable within 1 year represented 58 days calculated in proportion to the amounts charged during the year to that date (1996 58 days).

AUDITORS

Resolutions will be proposed at the annual general meeting to reappoint Deloitte & Touche as auditors to the company and to authorise the directors to fix their remuneration.

Tilbury House
Ruscombe Park
Twyford
Reading
Berkshire
RG10 9JU

Approved by the Board of Directors and
signed on behalf of the Board by



D E Mills
Secretary

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 as at the end of the financial year 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;

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 to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS' REPORT TO THE MEMBERS OF WESTPILE LIMITED

We have audited the financial statements on pages 5 to 14 which have been prepared under the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

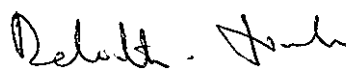
Basis of opinion

We conducted our audit in accordance with Auditing Standards 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 circumstances of the company, 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 of the state of affairs of the company as at 31st December 1997 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Deloitte & Touche
Chartered Accountants
and Registered Auditors

13 May 1998

Columbia Centre
Market Street
Bracknell
Berks. RG12 1PA

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 1997

	Note	1997 £000	1996 £000
TURNOVER	1(b), 2	14,250	13,529
Cost of sales		(12,690)	(12,273)
GROSS PROFIT		1,560	1,256
Administration expenses		(1,138)	(1,952)
OPERATING PROFIT (LOSS)	3	422	(696)
Interest receivable	6	7	40
Interest payable	7	(6)	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		423	(656)
Tax on profit/(loss) on ordinary activities 8		(135)	211
RETAINED PROFIT/(LOSS) FOR THE YEAR ON ORDINARY ACTIVITIES AFTER TAXATION ATTRIBUTABLE TO SHAREHOLDERS			
	18	288	(445)
		=====	=====

All results derive from continuing activities.


There are no recognised gains and losses or movements in shareholder's funds for the current or preceding financial year other than as stated in the profit and loss account.

BALANCE SHEET AT 31ST DECEMBER 1997

	Note	1997 £000	1996 £000
FIXED ASSETS			
Tangible assets	9	<u>1629</u>	<u>1099</u>
CURRENT ASSETS			
Stocks	12	705	504
Debtors	13	2908	3012
Cash at bank and in hand		<u>181</u>	<u>36</u>
		<u>3794</u>	<u>3552</u>
CREDITORS FALLING DUE WITHIN ONE YEAR			
Trade creditors		(2251)	(2338)
Sundry creditors	14	<u>(648)</u>	<u>(199)</u>
		<u>(2899)</u>	<u>(2537)</u>
NET CURRENT ASSETS		<u>895</u>	<u>1015</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2524	2114
CREDITORS FALLING DUE AFTER MORE THAN ONE YEAR	15	(126)	-
PROVISIONS FOR LIABILITIES AND CHARGES	16	<u>(136)</u>	<u>(140)</u>
NET ASSETS		2262	1974
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	17	2750	2750
Profit and loss account	18	<u>(488)</u>	<u>(776)</u>
SHAREHOLDERS' FUNDS			
Equity interest		2262	1974
		=====	=====

These financial statements were approved by the Board of Directors on 13 May 1998

Signed on behalf of the Board of Directors.



S J MALLION
DIRECTOR



D E MILLS
DIRECTOR

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1997

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

a) CONVENTION

The financial statements have been prepared in accordance with the historical cost convention.

b) TURNOVER

Turnover comprises the value of sales and the difference between contracts in progress at the beginning and end of year, excluding value added tax.

c) TANGIBLE FIXED ASSETS AND DEPRECIATION

Depreciation is provided on a straight line basis calculated to write down the cost of assets over their estimated useful economic lives at the following annual rates:

Leasehold property	-	Over the period of the lease
Plant and Equipment	-	10% to 50%

d) LEASED ASSETS

Fixed assets held under finance leases are capitalised and depreciated over their expected useful lives. The finance charges are allocated over the primary period of the lease in proportion to the capital element outstanding.

The costs of operating leases are charged to the profit and loss account as they accrue.

e) FIXED ASSET INVESTMENTS

Investments and loans to subsidiary and associated undertakings are stated at cost less provision for any permanent diminution in value.

f) STOCKS AND WORK IN PROGRESS

Stocks are valued at the lower of cost and net realisable value.

Contract work in progress is valued at cost plus attributable profit less foreseeable losses. Attributable profit is included when the outcome of a contract can be assessed with reasonable certainty. The value of contract work in progress is accounted for within turnover and in accordance with Statement of Standard Accounting Practice 9 (Revised) - Stocks and Long-term Contracts. The excess of the book value over payments receivable is included in debtors as "Amounts recoverable on Contracts". Payments receivable in excess of book value on an individual contract basis are included in creditors.

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1997

1. ACCOUNTING POLICIES (continued)

g) PENSIONS

The company participates in the Tilbury Douglas Pension Scheme, which covers all employees who are permanent members of the staff who have elected to join. Actuarial valuations are carried out every three years by independent qualified actuaries. The surplus in the Tilbury Douglas Pension Scheme, after off-setting regular pension costs and allowing for accruing interest, will, in accordance with Statement of Standard Accounting Practice 24 - Accounting for Pension Costs, be released to the profit and loss account of Tilbury Douglas Plc over the average remaining service life of employees. No charge will be made to the profit and loss account of the company until the surplus has been extinguished.

h) FOREIGN CURRENCY

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit for the year.

i) DEFERRED TAXATION

Provision is made and relief is taken at projected rates of taxation for timing differences between the treatment of certain items for taxation and for accounting purposes to the extent that liabilities or assets are likely to crystallise in the foreseeable future. Advance corporation tax which is available to reduce the corporation tax payable on future profits is deducted from the provision for deferred taxation.

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1997

2. TURNOVER

The company's turnover arises mainly in the U.K. from its activity as piling and foundation engineers and contractors. Sales to other group companies amounted to £1,313,000 (1996 - £1,199,000).

	1997	1996
3. OPERATING PROFIT/(LOSS)		
Operating profit/(loss) is arrived at after charging:		
Depreciation		
On owned assets	277	280
On assets held under Finance Leases	12	-
Rentals under operating leases		
Hire of plant and machinery	719	717
Other lease rentals	457	487
Remuneration payable to auditors		
Audit fees	17	17
Non-audit fees	2	1
	====	====

4. EMPLOYEES

	<u>Number</u>	<u>Number</u>
The average number employed by the company (including directors) within each category of persons was:		
Production staff	133	141
Administration staff	<u>22</u>	<u>22</u>
	155	163
	===	===
The costs incurred in respect of these employees (including directors) were:	£000	£000
Wages and salaries	2,969	3,044
Social Security costs	282	293
	<u>3,251</u>	<u>3,337</u>
	=====	=====

The Tilbury Douglas Pension Scheme is a defined benefit funded scheme. The last valuation of the Scheme was carried out at 31st March 1997. The results of this valuation and details of the main actuarial assumptions adopted for this purpose are disclosed in the accounts of Tilbury Douglas Plc, the ultimate parent undertaking. As stated in note 1 g above, there is no pension credit or cost for the year in respect of this scheme.

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1997

	1997	1996
	£000	£000
5. DIRECTORS		
Aggregate emoluments	208	226
	====	====
Number of directors who exercised share options in ultimate holding company	5	Nil
	====	====
Pension Contributions		
Number of directors to whom retirement benefits are accruing under defined benefit schemes.	5	5
	====	====
Highest paid director:	£000	£000
Aggregate emoluments	62	57
	====	====
Defined benefit pension scheme:	£	£
Accrued pension at end of year	11,718	8,359
Accrued lump sum at end of year	31,140	21,607
	=====	=====
	£000	£000
6. INTEREST RECEIVABLE		
Group interest	7	40
	====	=====
7. INTEREST PAYABLE		
Finance lease charges	6	-
	====	=====
8. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES		
U.K. Corporation tax at 31.5%	54	-
Group relief at 33%	-	(224)
Deferred taxation	81	(13)
	<u>135</u>	<u>(211)</u>
	=====	=====

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1997

9. TANGIBLE FIXED ASSETS

	<u>Land and Buildings</u> £000	<u>Plant and Equipment</u> £000	<u>TOTAL</u> £000
a) Movement during year			
COST			
1st January 1997	153	7,189	7,342
Additions	-	857	857
Disposals	-	(470)	(470)
31st December 1997	153	7,576	7,729
	=====	=====	=====
DEPRECIATION			
1st January 1997	103	6,140	6,243
Provided in year	3	286	289
Disposals	-	(432)	(432)
31st December 1997	106	5,994	6,100
	=====	=====	=====
NET BOOK VALUE			
31st December 1997			
Owned assets	47	1,582	1,629
	=====	=====	=====
31st December 1996			
Owned assets	50	1,049	1,099
	=====	=====	=====

b) Land and Buildings:

	1997 £000	1996 £000
Net book value of land and buildings:		
Leaseholds under 50 years:		
At cost less depreciation	47	50
	=====	=====

c) There was future capital expenditure of £375k committed at 31st December 1997 (1996 Nil).

10. OPERATING LEASES

At 31st December 1997 the Company had annual commitments under non-cancellable operating leases as follows:

	<u>Land and Buildings</u>		<u>Other</u>	
	1997 £000	1996 £000	1997 £000	1996 £000
Commitments expiring:				
within one year	-	-	67	67
in two to five years	-	-	109	124
after five years	<u>262</u>	<u>260</u>	-	-
	262	260	176	191
	===	===	===	===

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1997

11. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

	1997	1996
	£000	£000
Shares at cost less provisions	-	-
	===	===

	<u>Shares at Cost</u>	<u>Provisions</u>
	£000	£000
At 1st January 1997 and 31st December 1997	26	26
	==	==

The investment, which is unlisted, represents a holding of 49% in the ordinary share capital of Westpile Gulf LLC, which was formed in 1994 and is incorporated in Dubai, United Arab Emirates. The principle activity is piling and foundation contracting.

In the opinion of the directors the aggregate value of the shares in and amounts owing from the company's subsidiary undertaking is Nil and provision has been made accordingly.

12. STOCKS	1997	1996
	£000	£000
Goods held for resale	380	299
Materials	42	64
Non-mechanical equipment	283	141
	<u>705</u>	<u>504</u>
	====	====

The replacement cost of stock is not materially different from the amounts stated in the accounts.

Contract work in progress is accounted for in turnover and in accordance with the provisions of Statement of Standard Accounting Practice 9 (Revised) - Stocks and Long-term Contracts. The excess of book value over payments receivable is included in debtors as "Amounts recoverable on contracts".

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1997

	1997 £000	1996 £000
13. DEBTORS		
Amounts recoverable on contracts	586	257
Trade debtors	2040	1968
Amount owed by parent undertaking	-	171
Amounts owed by fellow subsidiary undertakings	164	239
Other debtors	2	20
Taxation recoverable	-	224
Prepayments and accrued income	<u>116</u>	<u>133</u>
	2908	3012
	====	====
Amounts included above recoverable after more than one year:		
Trade debtors	-	180
	<u>-</u>	<u>180</u>
	===	===
14. SUNDRY CREDITORS		
Finance Leases	32	-
Amounts owed to parent undertaking	319	-
Amounts owed to fellow subsidiary undertakings	2	2
Corporation Tax	53	-
Other taxation and social security	127	152
Accruals and deferred income	<u>115</u>	<u>45</u>
	648	199
	===	===
15. OTHER CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		
Finance Leases	<u>126</u>	-
	126	-
	===	===
16. PROVISIONS FOR LIABILITIES AND CHARGES		
Deferred taxation	136	55
Remedial Provisions	<u>-</u>	<u>85</u>
	136	140
	===	===
Deferred taxation - provided		
(a) Movement in year		
1st January 1997	55	42
Charge for the Year	<u>81</u>	<u>13</u>
31st December 1997	136	55
	===	===
(b) The source of the balance on deferred tax account is as follows:		
Accelerated capital allowances	136	72
Other timing differences	<u>-</u>	<u>(17)</u>
	136	55
	===	====

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1997 (continued)

	1997 £000	1996 £000
17. CALLED UP SHARE CAPITAL		
Authorised		
Ordinary shares of £1 each	2750	2750
	=====	=====
Allotted and fully paid		
Ordinary shares of £1 each	2750	2750
	=====	=====
18. PROFIT AND LOSS ACCOUNT		
1st January 1997	(776)	(331)
Profit/<loss> for the year	<u>288</u>	<u>(445)</u>
31st December 1997	(488)	(776)
	=====	=====

19. CONTINGENT LIABILITIES

At 31st December 1997 there were contingent liabilities in respect of guarantees given in the ordinary course of business.

The company has given guarantees covering banking facilities made available to the ultimate parent company and fellow subsidiary undertakings. At 31st December 1997 these amounted to £3,047,000 (1996 - £4,514,000).

20. CASH FLOW STATEMENT

The company is not presenting a cash flow statement. It has taken advantage of the exemption contained in Financial Reporting Standard 1 - Cash Flow Statements not to do so, as the ultimate parent undertaking, Tilbury Douglas Plc, has included a consolidated cash flow statement in the group accounts.

21. ULTIMATE PARENT UNDERTAKING

The company's ultimate parent undertaking is Tilbury Douglas Plc, which is incorporated in Great Britain. The group accounts of Tilbury Douglas Plc are available from Companies House, Crown Way, Maindy, Cardiff CF4 3UZ.

22. RELATED PARTY TRANSACTIONS

In accordance with Financial Reporting Standard No.8 "Related Party Transactions", transactions with other group undertakings within, and investee related parties of, the Tilbury Douglas Plc group have not been disclosed in these financial statements.