

Registered Company Number 196260

WESTPILE LIMITED

31st December 1998



REPORT OF THE DIRECTORS

The directors present their report and the audited accounts for the year ended 31st December 1998.

ACTIVITIES

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

REVIEW OF THE BUSINESS AND FUTURE PROSPECTS

The company's turnover was similar to last year and overheads were kept to the same levels notwithstanding a significant increase in spending on training to increase efficiency and safety.

There was some growth in the UK piling market in 1998 although the sector remained fiercely competitive. Despite this there was an increase in company profitability. This was achieved through the company's policy of continuous improvement, a more selective approach to the acquisition of work, continued investment in new plant and technology, innovative design solutions and successful partnering initiatives.

Significant ongoing capital investment in recent years has enabled the company to successfully establish itself in more technically demanding sectors of the market and prospects for 1999 are good. The company currently has a record level of high quality work in hand.

YEAR 2000 COMPLIANCE

The Company continues to review its financial and operating systems in the light of potential dangers of the 'Millennium Bug'. Many of the systems have already been modified or replaced in order to minimise such dangers and those areas yet to be completed are planned to have been dealt with well before the end of this year. The Board regularly considers this matter. Any costs related to these changes are not expected to have a significant effect upon Company profitability.

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 (1997 - £Nil).

DIRECTORS

The current directors, all of whom served throughout the year, are set out below:-

S J Mallion
P H Derbyshire
D E Mills
J H Vyse
P V Deighan

In accordance with the Articles of Association Mr S J Mallion and Mr P H Derbyshire retire by rotation at the next Annual General Meeting and, being eligible, offer themselves 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 1998 in the capital of the ultimate parent undertaking, Tilbury Douglas Plc, are as stated below.

REPORT OF THE DIRECTORS (continued)

DIRECTORS (continued)

	<u>Shares of 10p each</u>		<u>Options Over Shares of 10p each</u>		<u>Exercise Price p</u>	<u>Period of Exercise</u>
	<u>01.01.98</u>	<u>31.12.98</u>	<u>01.01.98</u>	<u>31.12.98</u>		
S J Mallion	Nil	Nil	Nil	850	212.00	07.10.01 to 06.10.05
S J Mallion	Nil	Nil	Nil	14,150	212.00	07.10.01 to 06.10.08
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
J H Vyse	Nil	Nil	Nil	40,000	212.00	07.10.01 to 06.10.05

The market price of the shares at 31st December 1998 was 218p. The range of closing prices during the year was 194p to 306p.

The directors have no other interest in any other group undertaking (1997 - 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 1998 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 (1997 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

12 May 1999

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 1998 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

12 May 1999

Columbia Centre
Market Street
Bracknell
Berks. RG12 1PA

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 1998

	Note	1998 £000	1997 £000
TURNOVER	1(b), 2	14,211	14,250
Cost of sales		(12,360)	(12,690)
GROSS PROFIT		1,851	1,560
Administration expenses		(1,188)	(1,138)
OPERATING PROFIT	3	663	422
Interest receivable	6	-	7
Interest payable	7	(36)	(6)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		627	423
Tax on profit on ordinary activities	8	(201)	(135)
RETAINED PROFIT FOR THE YEAR	18	426	288
		=====	=====

All results derive from continuing activities.

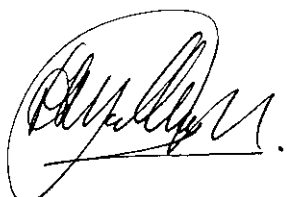
There are no recognised gains and losses or movements in shareholder's funds for the current or preceding financial year other than as stated in the profit and loss account.

BALANCE SHEET AT 31ST DECEMBER 1998

	Note	1998 £000	1997 £000
FIXED ASSETS			
Tangible assets	9	<u>2,694</u>	<u>1,629</u>
CURRENT ASSETS			
Stocks	12	736	705
Debtors	13	3,913	2,908
Cash at bank and in hand		<u>258</u>	<u>181</u>
		<u>4,907</u>	<u>3,794</u>
CREDITORS FALLING DUE WITHIN ONE YEAR			
Trade creditors		(2,809)	(2,251)
Sundry creditors	14	<u>(1,395)</u>	<u>(648)</u>
		<u>(4,204)</u>	<u>(2,899)</u>
NET CURRENT ASSETS		703	895
TOTAL ASSETS LESS CURRENT LIABILITIES		3,397	2,524
CREDITORS FALLING DUE AFTER MORE THAN ONE YEAR	15	(507)	(126)
PROVISIONS FOR LIABILITIES AND CHARGES	16	<u>(202)</u>	<u>(136)</u>
NET ASSETS		2,688	2,262
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	17	2,750	2750
Profit and loss account	18	<u>(62)</u>	<u>(488)</u>
EQUITY SHAREHOLDERS' FUNDS		2,688	2,262
		=====	=====

These financial statements were approved by the Board of Directors on 12 May 1999

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 1998

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 Improvements	-	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) GROUP ACCOUNTS

Group accounts are not prepared because the company is a subsidiary of another UK company which prepares group accounts. These financial statements therefore present information about the company as an individual undertaking and not about its group.

g) 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 1998

1. ACCOUNTING POLICIES (continued)

h) 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.

i) 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.

j) 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 1998

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 £1,352,000 (1997 - £1,313,000).

	1998 £000	1997 £000
3. OPERATING PROFIT		
Operating profit is arrived at after charging:		
Depreciation		
On owned assets	248	277
On assets held under Finance Leases	24	12
Rentals under operating leases		
Hire of plant and machinery	425	719
Other lease rentals	570	457
Remuneration payable to auditors		
Audit fees	16	17
Non-audit fees	1	2
	====	====

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	129	133
Administration staff	<u>21</u>	<u>22</u>
	150	155
	===	===
The costs incurred in respect of these employees (including directors) were:	£000	£000
Wages and salaries	3,036	2,969
Social Security costs	287	282
	<u>3,323</u>	<u>3,251</u>
	=====	=====

The Tilbury Douglas Pension Scheme is a defined benefit funded scheme. The last valuation of the Scheme was carried out at 31st March 1998. 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 1998

	1998	1997
	£000	£000
5. DIRECTORS		
Aggregate emoluments	237	208
	=====	=====
Number of directors who exercised share options in ultimate holding company	5	5
	=====	=====
Pension Contributions		
Number of directors to whom retirement benefits are accruing under defined benefit schemes.	5	5
	=====	=====
Highest paid director:	£000	£000
Aggregate emoluments	66	62
	=====	=====
Defined benefit pension scheme:	£	£
Accrued pension at end of year	13,225	11,718
Accrued lump sum at end of year	35,317	31,140
	=====	=====
	1998	1997
	£000	£000
6. INTEREST RECEIVABLE		
Group interest	-	7
	=====	=====
	1998	1997
	£000	£000
7. INTEREST PAYABLE		
Finance lease charges	13	6
Group Interest	<u>23</u>	<u>-</u>
	36	6
	=====	=====
	1998	1997
	£000	£000
8. TAX ON PROFIT ON ORDINARY ACTIVITIES		
U.K. Corporation tax at 31.0% (1997 31.5%)	137	54
Deferred taxation	<u>66</u>	<u>81</u>
	203	135
Adjustment in respect of prior years	<u>(2)</u>	<u>-</u>
	201	135
	=====	=====

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1998

9. TANGIBLE FIXED ASSETS

	<u>Leasehold Improvements</u> £000	<u>Plant and Equipment</u> £000	<u>TOTAL</u> £000
a) Movement during year			
COST			
1st January 1998	153	7,576	7,729
Additions	30	1307	1,337
Disposals	-	(599)	(599)
31st December 1998	183	8,284	8,467
	=====	=====	=====
DEPRECIATION			
1st January 1998	106	5,994	6,100
Provided in year	3	269	272
Disposals	-	(599)	(599)
31st December 1998	109	5,664	5,773
	=====	=====	=====
NET BOOK VALUE			
31st December 1998			
Owned assets	74	1,880	1,954
Assets under finance leases	-	740	740
	74	2,620	2,694
	=====	=====	=====
31st December 1997			
Owned assets	47	1,582	1,629
	=====	=====	=====
b) There was future capital expenditure of £120,000 committed at 31st December 1998 (1997 £375,000).			

10. OPERATING LEASES

At 31st December 1998 the Company had annual commitments under non-cancellable operating leases as follows:

	<u>Land and Buildings</u>		<u>Other</u>	
	1998	1997	1998	1997
	£000	£000	£000	£000
Commitments expiring:				
within one year	-	-	41	67
in two to five years	-	-	206	109
after five years	262	262	-	-
	262	262	247	176
	===	===	===	===

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1998

11. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

	1998	1997
	£000	£000
Shares at cost less provisions	-	-
	===	===

	<u>Shares at Cost</u>	<u>Provisions</u>
	£000	£000
At 1st January 1998 and 31st December 1998	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 principal 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	1998	1997
	£000	£000
Goods held for resale	354	380
Materials	49	42
Non-mechanical equipment	333	283
	<u>736</u>	<u>705</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 1998

	1998 £000	1997 £000
13. DEBTORS		
Amounts recoverable on contracts	928	586
Trade debtors	2,687	2,040
Amounts owed by fellow subsidiary undertakings	75	164
Other debtors	2	2
Prepayments and accrued income	<u>221</u>	<u>116</u>
	3,913	2,908
	====	====
Amounts included above recoverable after more than one year:		
Trade debtors	176	196
	===	===
14. SUNDRY CREDITORS		
Finance Leases	130	32
Amounts owed to parent undertaking	778	319
Amounts owed to fellow subsidiary undertakings	-	2
Corporation Tax	135	53
Other taxation and social security	223	127
Accruals and deferred income	<u>129</u>	<u>115</u>
	1,395	648
	====	===
15. OTHER CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		
Finance Leases	<u>507</u>	<u>126</u>
16. PROVISIONS FOR LIABILITIES AND CHARGES		
Deferred taxation	202	136
	===	===
Deferred taxation - provided		
(a) Movement in year		
1st January 1998	136	55
Charge for the Year	<u>66</u>	<u>81</u>
31st December 1998	202	136
	===	===
(b) The source of the balance on deferred tax account is as follows:		
Accelerated capital allowances	202	136
	===	===

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1998 (continued)

		1998 £000	1997 £000
17.	CALLED UP SHARE CAPITAL		
	Authorised		
	Ordinary shares of £1 each	2,750	2,750
		=====	=====
	Allotted and fully paid		
	Ordinary shares of £1 each	2,750	2,750
		=====	=====
18.	PROFIT AND LOSS ACCOUNT		
	1st January 1998	(488)	(776)
	Profit for the year	<u>426</u>	<u>288</u>
	31st December 1998	(62)	(488)
		=====	=====
19.	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 Revised - 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.		
20.	ULTIMATE PARENT UNDERTAKING AND CONTROLLING ENTITY		
	The company's ultimate parent undertaking and ultimate controlling party 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.		
21.	RELATED PARTY TRANSACTIONS		
	The Company has taken advantage of the exemption contained in Financial Reporting Standard 8 - Related Party Disclosures not to report transactions with Tilbury Douglas Group related parties which are disclosed in the consolidated financial statements of Tilbury Douglas Plc.		