

**COSTAIN BUILDING PRODUCTS LIMITED**

**REGISTERED NUMBER 384636**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 December 2004**

**KPMG Audit Plc  
Chartered Accountants  
Registered Auditor  
GATWICK**



**COSTAIN BUILDING PRODUCTS LIMITED**  
**REPORT OF THE DIRECTORS**  
**For the year ended 31 December 2004**

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**BUSINESS REVIEW**

The company will terminate its operating activities following completion of its present commitments.

The results for the year are set out in the profit and loss account on page 4.

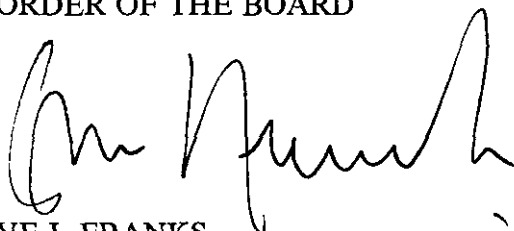
**DIRECTORS AND SHARE INTERESTS**

Directors who held office during the year and their disclosable interests in shares, according to the register of directors' interests, were as follows:

		At 01.01.04	At 31.12.04
C L Franks	a	393	393
	b	149,031	149,031
	d	-	152,238
M D Hunter	a	779	779
	b	137,257	137,257
	c	82,125	82,125
	d	-	143,283

- a - Costain Group PLC ordinary shares of 10p each.
- b - Options granted on 11 October 2002 to acquire Costain Group PLC ordinary shares under the 2002 Long Term Incentive Plan.
- c - Options granted on 22 October 2002 to acquire Costain Group PLC ordinary shares under the 2002 Save As You Earn Share Option Scheme.
- d - Options granted on 21 April 2004 to acquire Costain Group PLC ordinary shares under the 2004 Long term Incentive Plan

BY ORDER OF THE BOARD



CLIVE L FRANKS  
SECRETARY  
15 March 2005

REGISTERED OFFICE

Costain House, Nicholson's Walk  
Maidenhead, Berkshire, SL6 1LN

**COSTAIN BUILDING PRODUCTS LIMITED**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**  
**For the year ended 31 December 2004**

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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 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 the 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

# **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COSTAIN BUILDING PRODUCTS LIMITED**

**For the year ended 31 December 2004**

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We have audited the financial statements on pages 4 to 9.

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 auditor's 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 are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 transactions with the company is not disclosed.

## **Basis of audit 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 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 of the state of the company's affairs as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

..... *KPMG Audit Plc* .....  
KPMG Audit Plc  
Chartered Accountants  
Registered Auditor  
GATWICK

..... *15 March 2005* .....  
Date

**COSTAIN BUILDING PRODUCTS LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**For the year ended 31 December 2004**

	Notes	2004 £000	2003 £000
Other operating income		544	-
Operating profit		544	-
<b>Profit on ordinary activities before taxation</b>		544	-
Taxation	3	-	-
<b>Profit for the financial year</b>		544	-

There were no recognised gains or losses other than the profit for the year.

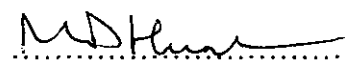
All profits and losses are attributable to continuing operations.

THE NOTES ON PAGES 6 TO 9 FORM PART OF THESE FINANCIAL STATEMENTS

**COSTAIN BUILDING PRODUCTS LIMITED**  
**BALANCE SHEET**  
**As at 31 December 2004**

	Notes	2004 £000	2003 £000
<b>Current assets</b>			
Debtors	4	5,748	5,170
<b>Creditors: amounts falling due within one year</b>	6	(99)	(65)
		<hr/>	<hr/>
<b>Net current assets</b>		5,649	5,105
		<hr/>	<hr/>
<b>Net assets</b>		5,649	5,105
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	7	4,383	4,383
Share premium account	8	6,869	6,869
Profit and loss account	8	(5,603)	(6,147)
		<hr/>	<hr/>
<b>Equity shareholders' funds</b>	9	5,649	5,105
		<hr/>	<hr/>

These financial statements were approved by the Board of Directors on 15 March 2005 and were signed on its behalf by:

  
..... Director  
M D Hunter

THE NOTES ON PAGES 6 TO 9 FORM PART OF THESE FINANCIAL STATEMENTS

**COSTAIN BUILDING PRODUCTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2004**

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**1. Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

**BASIS OF ACCOUNTING**

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards under the historical cost convention.

**CASH FLOW STATEMENT**

Under Financial Reporting Standard 1 (revised), the company is exempt from the requirement to prepare a cash flow statement on the grounds that the ultimate parent company includes the company in its own published consolidated financial statements.

**DEFERRED TAXATION**

Deferred taxation has been recognised as a liability or asset, except as otherwise required by FRS 19 'Deferred Tax', if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in future, or a right to pay less taxation in future. An asset is not recognised to the extent that the transfer of economic benefit in future is uncertain. Deferred tax assets and liabilities recognised have not been discounted.

**2. Staff costs and remuneration of directors**

No emoluments were paid to the directors of the company during the year (2003: £Nil).

There were no staff employed during the year (2003: Nil).

**COSTAIN BUILDING PRODUCTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS continued**  
**For the year ended 31 December 2004**

<b>3. Taxation</b>	<b>2004</b>	<b>2003</b>
	<b>£000</b>	<b>£000</b>
Tax Reconciliation:		
Profit on ordinary activities before tax	544	-
	<hr/>	<hr/>
Tax at 30%	(163)	-
Group relief surrendered free of charge	120	(19)
Other timing differences	43	19
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>
<b>4. Debtors</b>	<b>2004</b>	<b>2003</b>
	<b>£000</b>	<b>£000</b>
Trade debtors	7	7
Amounts owed by group undertakings	5,741	5,163
	<hr/>	<hr/>
	5,748	5,170
	<hr/>	<hr/>
<b>5. Cash at bank</b>		
The company's bankers have the right to set off the company's bank balance when in credit against borrowings by Richard Costain Ltd.		
<b>6. Creditors: amounts falling due within one year</b>	<b>2004</b>	<b>2003</b>
	<b>£000</b>	<b>£000</b>
Trade creditors	21	21
Amounts owed to group undertakings	-	6
Accruals and deferred income	78	38
	<hr/>	<hr/>
	99	65
	<hr/>	<hr/>



**COSTAIN BUILDING PRODUCTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS continued**  
**For the year ended 31 December 2004**

7. Share capital	2004 and 2003	
	Authorised £000	Issued and fully paid £000
Ordinary shares of £1 each	5,000	4,383
	<u>          </u>	<u>          </u>
8. Reserves	Share premium account £000	Profit and loss account £000
At 1 January 2004	6,869	(6,147)
Profit for the financial year	-	544
	<u>          </u>	<u>          </u>
At 31 December 2004	6,869	(5,603)
	<u>          </u>	<u>          </u>
9. Reconciliation of movements in shareholders' funds	2004 £000	2003 £000
Profit for the financial year	544	-
Opening shareholders' funds	5,105	5,105
	<u>          </u>	<u>          </u>
Closing shareholders' funds	5,649	5,105
	<u>          </u>	<u>          </u>

**10. Contingent liabilities**

The company has entered into cross guarantees together with the ultimate parent company and certain fellow group undertakings for overdraft facilities made available to the group. At 31 December 2004 these liabilities amounted to £nil (2003: £nil).

There are also contingent liabilities in respect of performance bonds and other undertakings entered into in the ordinary course of business.

**COSTAIN BUILDING PRODUCTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS continued**  
**For the year ended 31 December 2004**

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**11. Related parties transactions**

The company is exempt under Financial Reporting Standard 8 from the requirements to disclose related party transactions with other group companies on the basis that it is a wholly owned subsidiary of the ultimate parent company, Costain Group PLC.

**12. Ultimate parent undertaking**

The largest and the smallest group of undertakings for which group accounts are drawn up is that of the ultimate parent undertaking, Costain Group PLC, a company registered in England and Wales.

Copies of the group accounts of Costain Group PLC may be obtained from the registered office of the company, Costain House, Nicholsons Walk, Maidenhead, Berkshire. SL6 1LN.