

**COSTAIN BUILDING PRODUCTS LIMITED**

**REGISTERED NUMBER 384636**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 December 2005**

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor  
GATWICK



**COSTAIN BUILDING PRODUCTS LIMITED**  
**REPORT OF THE DIRECTORS**  
**For the year ended 31 December 2005**

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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:

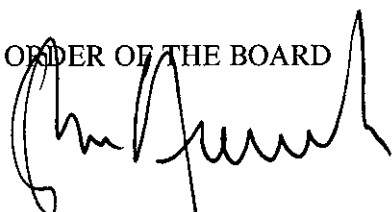
		At 01.01.05	At 31.12.05
C L Franks	a	393	393
	b	149,031	149,031
	d	152,238	152,238
	e	-	150,638
M D Hunter	a	779	779
	b	137,257	137,257
	c	82,125	82,125
	d	143,283	143,283
	e	-	140,425

- a - Costain Group PLC ordinary shares of 5p each (2004: 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.
- e - Options granted on 26 April 2005 to acquire Costain Group PLC ordinary shares under the 2005 Long Term Incentive Plan.

**AUDITORS**

Pursuant to a shareholders' resolution, the company is not obliged to re-appoint its auditors annually and KPMG Audit Plc will therefore continue in office.

BY ORDER OF THE BOARD



CLIVE L FRANKS  
SECRETARY  
20 March 2006

REGISTERED OFFICE  
Costain House, Nicholsons Walk  
Maidenhead, Berkshire, SL6 1LN

**COSTAIN BUILDING PRODUCTS LIMITED**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE**  
**DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2005**

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The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its 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.

Under applicable law the directors are also responsible for preparing a Directors' Report that complies with that law.

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

**For the year ended 31 December 2005**

We have audited the financial statements of Costain Building Products Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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**

As described in the Statement of Directors' Responsibilities on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

## **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 judgments 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, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 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

*20 March 2006*

Date

**COSTAIN BUILDING PRODUCTS LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**For the year ended 31 December 2005**

	Notes	2005 £000	2004 £000
Other operating income		14	544
Operating profit		14	544
<b>Profit on ordinary activities before taxation</b>		14	544
Taxation	3	-	-
<b>Profit for the financial year</b>		14	544


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

All profits are attributable to continuing operations.

**COSTAIN BUILDING PRODUCTS LIMITED****BALANCE SHEET****As at 31 December 2005**

	Notes	2005 £000	2004 £000
<b>Current assets</b>			
Debtors	4	5,663	5,748
<b>Creditors: amounts falling due within one year</b>	6	-	(99)
		<hr/>	<hr/>
<b>Net assets</b>		5,663	5,649
		<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	(5,589)	(5,603)
		<hr/>	<hr/>
<b>Equity shareholders' funds</b>	9	5,663	5,649
		<hr/>	<hr/>

These financial statements were approved by the Board of Directors on 20 March 2006 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 2005**

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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 (2004: £nil).

There were no staff employed during the year (2004: nil).

**3. Profit on ordinary activities before taxation**

The auditor's remuneration was borne by another group company.

**COSTAIN BUILDING PRODUCTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS continued**  
**For the year ended 31 December 2005**

<b>4. Taxation</b>	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
Tax Reconciliation:		
Profit on ordinary activities before tax	14	544
	<hr/>	<hr/>
Tax at 30%	(4)	(163)
Group relief claimed free of charge	4	120
Other timing differences	-	43
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

<b>5. Debtors</b>	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
Trade debtors	-	7
Amounts owed by group undertakings	5,663	5,741
	<hr/>	<hr/>
	5,663	5,748
	<hr/>	<hr/>

**6. Cash at bank**

The company's bankers have the right to set off the company's bank balance when in credit against borrowings by Richard Costain Ltd.

**7. Creditors: amounts falling due within one year**

	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
Trade creditors	-	21
Accruals and deferred income	-	78
	<hr/>	<hr/>
	-	99
	<hr/>	<hr/>

**COSTAIN BUILDING PRODUCTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS continued**  
**For the year ended 31 December 2005**

8. Share capital	2005 and 2004	
	Authorised £000	Issued and fully paid £000
Ordinary shares of £1 each	5,000	4,383
	<hr/>	<hr/>
9. Reserves	Share premium account	
	£000	Profit and loss account £000
At 1 January 2005	6,869	(5,603)
Profit for the financial year	-	14
	<hr/>	<hr/>
At 31 December 2005	6,869	(5,589)
	<hr/>	<hr/>
10. Reconciliation of movements in shareholders' funds	2005 and 2004	
	2005 £000	2004 £000
Profit for the financial year	14	544
Opening shareholders' funds	5,649	5,105
	<hr/>	<hr/>
Closing shareholders' funds	5,663	5,649
	<hr/>	<hr/>

**11. 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 2005 these liabilities amounted to £nil (2004: £nil).

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

**12. 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.

**13. Ultimate parent undertaking**

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

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