

COSTAIN CONSTRUCTION LIMITED

REGISTERED NO. 563270

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2001

KPMG Audit Plc
Chartered Accountants
Registered Auditor
GATWICK



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COMPANIES HOUSE 03/07/02

COSTAIN CONSTRUCTION LIMITED
REPORT OF THE DIRECTORS
For the year ended 31 December 2001

BUSINESS REVIEW

The company sold its business and assets and liabilities to Costain Limited with effect from the 1 January 1999 and is completing its outstanding work as agent for Costain Limited.

DIRECTORS AND SHARE INTERESTS

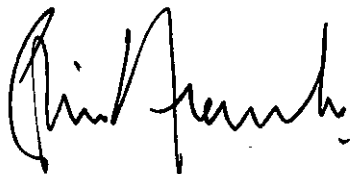
Directors who held office during the year and their disclosable interests in shares, according to the register of directors' interests were as follows:

		At 01.01.01	At 31.12.01
S J Doughty*†	(appointed 01.07.01)		
R G Craft		-	-
J A Armitt *	(resigned 30.06.01)		
M W Roberts *	(resigned 31.12.01)		

* - The interests of these directors in the shares of Costain Group PLC are disclosed in the accounts of that company.

† - At subsequent date of appointment

BY ORDER OF THE BOARD



CLIVE L FRANKS
SECRETARY
26 March 2002

REGISTERED OFFICE

Costain House, Nicholsons Walk
Maidenhead, Berkshire SL6 1LN

COSTAIN CONSTRUCTION LIMITED
DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE PREPARATION OF
FINANCIAL STATEMENTS
For the year ended 31 December 2001

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 to 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.

COSTAIN CONSTRUCTION LIMITED
INDEPENDENT AUDITORS REPORT TO THE MEMBERS
For the year ended 31 December 2001

We have audited the financial statements on pages 4 to 6.

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 2001 and have been properly prepared in accordance with the Companies Act 1985.

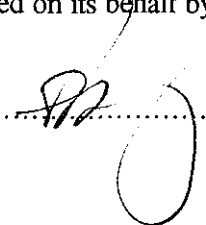
KPMG Audit Plc
.....
KPMG Audit Plc
Chartered Accountants
Registered Auditor
GATWICK

25 March 2002
.....
Date

COSTAIN CONSTRUCTION LIMITED
BALANCE SHEET
As at 31 December 2001

	Notes	2001 £	2000 £
Current assets			
Debtors: amounts falling due within one year	3	14,026,972	20,865,186
Creditors: amounts falling due within one year	4	(1,825,985)	(8,664,199)
Net current assets		12,200,987	12,200,987
Net assets		12,200,987	12,200,987
Capital and reserves			
Called up share capital	5	24,000,000	24,000,000
Profit and loss account	6	(11,799,013)	(11,799,013)
Equity shareholders' funds	7	12,200,987	12,200,987

The financial statements were approved by the Board of Directors on 26 March 2002 and were signed on its behalf by:

.....  Director
S J Doughty

THE NOTES ON PAGES 5 TO 6 FORM PART OF THESE ACCOUNTS

COSTAIN CONSTRUCTION LIMITED
NOTES TO THE ACCOUNTS
For the year ended 31 December 2001

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.

PROFIT AND LOSS ACCOUNT

During the financial year and the preceding financial year the company did not trade and received no income and incurred no expenditure. Consequently, during those years the company made neither a profit nor a loss.

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.

2. Staff costs and remuneration of directors

There were no staff employed during the year (2000: nil).

No emoluments were paid to the directors of the company during the year (2000: £nil).

3. Debtors

	2001 £	2000 £
Amounts owed by group undertakings	14,026,972	20,865,186
	<hr/>	<hr/>
	14,026,972	20,865,186
	<hr/>	<hr/>

4. Creditors: amounts falling due within one year

	2001 £	2000 £
Accruals	1,825,985	8,664,199
	<hr/>	<hr/>

COSTAIN CONSTRUCTION LIMITED
NOTES TO THE ACCOUNTS continued
For the year ended 31 December 2001

5. Share capital

	2001 and 2000	
	Authorised	Issued and fully paid
	£	£
Ordinary shares of £1 each	30,000,000	24,000,000
	<u> </u>	<u> </u>

6. Profit and loss account

	£
At 1 January 2001 and 31 December 2001	(11,799,013)
	<u> </u>

7. Reconciliation of movements in shareholders' funds

	2001	2000
	£	£
Opening and closing shareholders' funds	12,200,987	12,200,987
	<u> </u>	<u> </u>

8. Contingent liabilities

The company has entered into cross guarantees together with the ultimate parent company and certain fellow group undertakings for loans and overdraft facilities made available to the group and certain joint ventures. At 31 December 2001 these liabilities amounted to £0.2m (2000:£4.6m) and are included in the group accounts of the ultimate parent company.

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

9. Related parties transactions

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

10. Ultimate parent company

The largest and 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.

A copy of Group accounts of Costain Group PLC may be obtained from the registered office of the company, Costain House, Nicholson's Walk, Maidenhead, Berks SL6 1LN.