

COSTAIN ALCAIDESA LIMITED

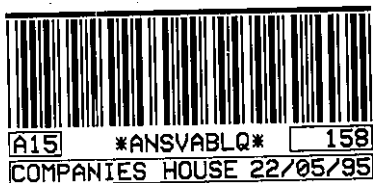
STATEMENT OF ACCOUNTS

FOR THE YEAR ENDED

31 DECEMBER 1994

**KPMG
Chartered Accountants
Registered Auditors
LONDON**

Registered Number: 2042076



COSTAIN ALCAIDESA LIMITED

REPORT OF THE DIRECTORS

For the year ended 31 December 1994

BUSINESS REVIEW

The company continued to carry out its principal activity of investment holding. During the year a further £2,920,874 was invested in Alcaidesa Costain Agroman SA whilst a further £1,332,000 was provided against the investment.

The results for the year are set out in the Profit & Loss Account on page 4.

DIRECTORS AND SHARE INTERESTS

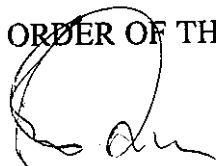
Directors who held office during and at the end of the year and their disclosable interests in shares, as recorded in the register of directors' interests:-

		At <u>1.1.94</u>	At <u>31.12.94</u>
M F Burdes	a	1,154	1,154
	b	Nil	50,000
A C Lovell	(appointed 1.2.94)		
P J Hill	resigned 12.10.94		

- a - Costain Group PLC shares of 25p each
- b - Options to acquire Costain Group PLC shares of 25p each

Directors' liability indemnity cover is maintained by the ultimate parent company, Costain Group PLC.

BY ORDER OF THE BOARD



B W RACE
-SECRETARY

REGISTERED OFFICE

111 Westminster Bridge Road
London SE1 7UE

Date: **10 MAY 1995**

COSTAIN ALCAIDESA LIMITED
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 and of the profit or loss of the company for that period. The directors are required to ensure that those financial statements are based on suitable accounting policies consistently applied, are prepared on the going concern basis and are supported by judgements and estimates that are reasonable and prudent, and identify and explain any material departures from applicable accounting standards.

The directors are also responsible for keeping proper accounting records and they have general responsibility for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE AUDITORS TO THE MEMBERS OF
COSTAIN ALCAIDESA LIMITED

We have audited the financial statements on pages 4 to 8.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit of 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 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 1994 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

..... *V. P. G.*
KPMG
Chartered Accountants
Registered Auditors
LONDON

..... *10 May 1995*
Date

COSTAIN ALCAIDESA LIMITED**PROFIT AND LOSS ACCOUNT****For the year ended 31 December 1994**

	Notes	1994 £	1993 £
Cost of sales		-	(668)
Gross loss		-	(668)
Administrative expenses		(650)	(650)
Operating loss		(650)	(1,318)
Provision against investment in associated undertaking		(1,332,000)	(3,565,000)
Interest receivable:			
On amounts due from fellow subsidiary undertakings		48,556	1,832
Interest payable and similar charges	3	(200,826)	(161,620)
<u>Loss on ordinary activities before taxation</u>	2	(1,485,020)	(3,726,106)
Taxation credit	5	44,350	194,670
<u>Loss on ordinary activities after taxation</u>	11	(1,440,670)	(3,531,436)

*Movements on reserves are set out in note 11.

There were no recognised gains or losses other than the loss for the year and prior year.

All operating loss is attributable to continuing operations.

THE NOTES ON PAGES 6 TO 8 FORM PART OF THESE FINANCIAL STATEMENTS

COSTAIN ALCAIDESA LIMITED

BALANCE SHEET

As at 31 December 1994

	Notes	1994 £	1993 £
<u>Fixed assets</u>			
Investments	6	8,991,823	7,402,949
<u>Current assets</u>			
Debtors	7	686,993	1,697,953
<u>Creditors: amounts falling due within one year</u>			
Other creditors	8	52,061	77,842
<u>Net current assets/(liabilities)</u>		634,932	1,620,111
<u>Total assets less current liabilities</u>		9,626,755	9,023,060
<u>Creditors: amounts falling due after more than one year</u>			
Other creditors	9	1,699,524	1,655,159
<u>Net assets</u>		7,927,231	7,367,901
<u>Capital and reserves</u>			
Called up share capital	10	29,500,000	27,500,000
Profit and loss account	11	(21,572,769)	(20,132,099)
<u>Shareholders' funds</u>		7,927,231	7,367,901

The financial statements were approved by the Board of Directors on10 MAY 1995.....
and were signed on its behalf by:

Alan C. Lovell Director
A C Lovell

THE NOTES ON PAGES 6 TO 8 FORM PART OF THESE FINANCIAL STATEMENTS

COSTAIN ALCAIDESA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 1994

Accounting policies

1. **Basis of accounting**

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

Foreign currency transactions

Monetary assets and liabilities in foreign currencies have been translated into sterling at year end exchange rates. Exchange differences on such items and on transactions completed in the ordinary course of business are dealt with in profit on ordinary activities.

Cashflow statement

As the cashflow statement in the consolidated financial statements of the ultimate parent company, Costain Group PLC, complies with the conditions of Financial Reporting Standard No 1 ("FRS 1"), the company is exempt under FRS 1 from the requirements to prepare a separate cashflow statement.

2. **Loss on ordinary activities is after chargings**

	1994 £	1993 £
Auditors remuneration - audit	650	650

3. **Interest payable and similar charges**

On amounts due to fellow subsidiary undertakings	153,434	534,296
Exchange loss/(profit)	47,492	(372,676)
	<u>200,926</u>	<u>161,620</u>

4. **Emoluments of Directors**

No emoluments were paid to Directors of the company during the year (1993 £nil). There were no staff employed during the year (1993 nil).

5. **Taxation credit**

On loss for the year:		
Group relief	(44,350)	(194,670)

COSTAIN ALCAIDESA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 1994

6.

Investments

Cost

At 1 January 1994

Additions

At 31 December 1994

Provisions

At 1 January 1994

Provided in year

At 31 December 1994

Net book value

At 31 December 1994

At 31 December 1993

Investment in associated undertaking

The company owns 50% of the issued share capital of Alcaidesa Holding SA (formerly Alcaidesa Costain Agroman SA), a company incorporated in Spain. The aggregate amount of the capital and reserves of the associated undertaking at the year end is £22.8m (1993 £26.8m). The associated undertaking incurred a loss during the year of £5.6m (1993 £13.5m).

7.

Debtors

1994

£

1993

£

Amount owed by Group undertakings

Group relief

642,643

44,350

686,993

1,697,953

1,697,953

8.

Creditors: amounts falling due within one year

Amounts owing to Group undertakings

Accruals and deferred income

51,411

650

77,192

650

77,842

52,061

COSTAIN ALCAIDESA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 1994

9. Creditors: amounts falling due after more than one year

	1994 £	1993 £
Amounts owing to group undertakings	1,699,524	1,655,159

10. Share capital

	1994		1993	
	£	£	£	£
	<u>Authorised</u>	<u>Issued</u>	<u>Authorised</u>	<u>Issued</u>
Ordinary shares of £1 each, fully paid	29,500,000	29,500,000	27,500,000	27,500,000

During the year 2,000,000 ordinary shares with an aggregate value of £2,000,000 were allotted for a consideration of £2,000,000. The reason for the allotment was to facilitate the investment in the associated undertaking and the reduction of creditors.

11. Profit and loss account

	£
Deficit at 1 January 1994	(20,132,099)
Deficit for the year	(1,440,670)
Deficit at 31 December 1994	(21,572,769)

12. 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. These facilities are included in the Group financial statements and amount to £17.7m (1993 £15.4m) and US\$206.0m (1993 US\$222.8m).

13. Ultimate parent company

The only group of undertakings of which the company is a member and for which Group financial statements are drawn up is that of the ultimate parent company, Costain Group PLC, a company registered in England and Wales. A copy of the Group financial statements of Costain Group PLC may be obtained from the registered office of Costain Group PLC, 111 Westminster Bridge Road, London SE1 7UE.