

COSTAIN ALCAIDESA LIMITED

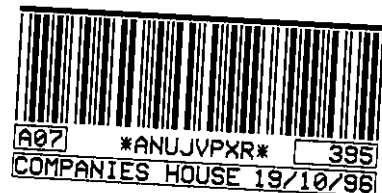
Registered Number: 2042076

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 1995

**KPMG
Chartered Accountants
Registered Auditors
LONDON**



COSTAIN ALCAIDESA LIMITED

REPORT OF THE DIRECTORS

For the year ended 31 December 1995

BUSINESS REVIEW

The company continued to carry out its principal activity of investment holding.

During the year a further £1,050,928 was invested in Alcaidesa Holding SA whilst a further £6,377,000 was provided against the investment in Alcaidesa Holding SA.

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 1.1.95	At 31.12.95
M F Burdes	a	1,154	115
	b	50,000	5,000
A C Lovell			

a - Costain Group PLC ordinary shares of 25p each (until 7.6.95, thereafter 10p each).

b - Options to acquire Costain Group PLC shares (do).

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

BY ORDER OF THE BOARD



**B W RACE
SECRETARY**

REGISTERED OFFICE

111 Westminster Bridge Road
London SE1 7UE

Date: **9 SEP 1996**

COSTAIN ALCAIDESA LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

For the year ended 31 December 1995

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, unless it is inappropriate to presume that the company will continue in business, are supported by judgements and estimates that are reasonable and prudent, state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are also responsible for ensuring that the company keeps proper accounting records which disclose with reasonable accuracy 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 safeguarding the assets of the company and for taking such steps as are reasonably open to them to prevent and detect fraud and other irregularities.

COSTAIN ALCAIDESA LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS

For the year ended 31 December 1995

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

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.

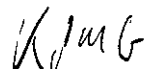
Basis of opinion


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 1995 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


.....
KPMG
Chartered Accountants
Registered Auditors
LONDON


.....
Date

COSTAIN ALCAIDESA LIMITED**PROFIT AND LOSS ACCOUNT****For the year ended 31 December 1995**

	Notes	1995 £	1994 £
Cost of sales		(93)	-
Gross loss		(93)	-
Administrative expenses		-	(650)
Operating loss		(93)	(650)
Provision against investment in associated undertaking		(6,377,000)	(1,332,000)
Interest receivable: On amounts due from fellow subsidiary undertakings		20,380	48,556
Interest payable and similar charges	3	(304,272)	(200,926)
Loss on ordinary activities before taxation	2	(6,660,985)	(1,485,020)
Taxation credit	5	14,325	44,350
Loss on ordinary activities after taxation	11	(6,646,660)	(1,440,670)

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.

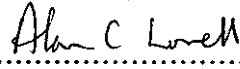
All operating loss is attributable to continuing operations.

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

COSTAIN ALCAIDESA LIMITED**BALANCE SHEET****As at 31 December 1995**

	Notes	1995 £	1994 £
Fixed assets			
Investments	6	3,665,751	8,991,823
Current assets			
Debtors	7	14,325	686,993
Creditors: amounts falling due within one year			
Other creditors	8	(541,312)	(52,061)
Net current (liabilities)/assets		(526,987)	634,932
Total assets less current liabilities		3,138,764	9,626,755
Creditors: amounts falling due after more than one year			
Other creditors	9	(1,858,193)	(1,699,524)
Net assets		1,280,571	7,927,231
Capital and reserves			
Called up share capital	10	29,500,000	29,500,000
Profit and loss account	11	(28,219,429)	(21,572,769)
Shareholders' funds		1,280,571	7,927,231

The financial statements were approved by the Board of Directors on **9 SEP 1996**
and were signed on its behalf by:


..... Director
A C Lovell

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

COSTAIN ALCAIDESA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 1995

1. Accounting policies

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.

	1995	1994
	£	£
2. Loss on ordinary activities is after chargings		
Auditors remuneration - audit	-	650
	<hr/>	<hr/>
3. Interest payable and similar charges		
On amounts due to fellow subsidiary undertakings	145,603	153,434
Exchange loss	158,669	47,492
	<hr/>	<hr/>
	304,272	200,926
	<hr/>	<hr/>
4. Emoluments of Directors		

No emoluments were paid to the directors of the company during the year (1994 £nil). There were no staff employed during the year (1994 nil).

COSTAIN ALCAIDESA LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****31 December 1995**

	1995	1994
	£	£
5. Taxation credit		
On loss for the year:		
Group relief	(14,325)	(44,350)
	<hr/>	<hr/>
6. Investments	Shares in	
	associated undertaking	
	£	
Cost		
At 1 January 1995	28,939,723	
Additions	1,050,928	
	<hr/>	
At 31 December 1995	29,990,651	
	<hr/>	
Provisions		
At 1 January 1995	19,947,900	
Provided in year	6,377,000	
	<hr/>	
At 31 December 1995	26,324,900	
	<hr/>	
Net book value		
At 31 December 1995	3,665,751	
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At 31 December 1994	8,991,823	
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COSTAIN ALCAIDESA LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****31 December 1995****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 £22.0m (1994 £22.8m). The associated undertaking incurred a loss during the year of £5.0m (1994 £5.6m).

	1995	1994		
	£	£		
7. Debtors				
Amount owed by Group undertakings	-	642,643		
Group relief	14,325	44,350		
	<hr/>	<hr/>		
	14,325	686,993		
	<hr/>	<hr/>		
8. Creditors: amounts falling due within one year				
Amounts owing to Group undertakings	541,312	51,411		
Accruals and deferred income	-	650		
	<hr/>	<hr/>		
	541,312	52,061		
	<hr/>	<hr/>		
9. Creditors: amounts falling due after more than one year				
Amounts owing to group undertakings	1,858,193	1,699,524		
	<hr/>	<hr/>		
10. Share capital				
	1995	1994		
	Authorised	Issued	Authorised	Issued
	£	£	£	£
Ordinary shares of £1 each, fully paid	29,500,000	29,500,000	29,500,000	29,500,000

COSTAIN ALCAIDESA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 1995

11. Profit and loss account

	£
Deficit at 1 January 1995	(21,572,769)
Deficit for the year	(6,646,660)
	<hr/>
Deficit at 31 December 1995	(28,219,429)
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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 £26.2m (1994 £17.7m) and US\$169.8m (1994 US\$206.0m).

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

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.