

COSTAIN ENGINEERING & CONSTRUCTION LIMITED

REGISTERED NUMBER 2440829

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2005

KPMG Audit Plc
Chartered Accountants
Registered Auditor
GATWICK



COSTAIN ENGINEERING & CONSTRUCTION LIMITED
REPORT OF THE DIRECTORS
For the year ended 31 December 2005

BUSINESS REVIEW

The company is an investment company and a holding company for part of Costain Group's engineering and construction operations.

The results for the year are set out in the Profit and Loss Account on page 5.

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
A Wyllie (appointed 12.09.05)*			
C J McCole*			
A J Handford	a	374	374
	b	135,618	135,618
	c	9,450	9,450
	d	5,639	5,639
	e	140,298	140,298
	f	-	140,425

S J Doughty (resigned 12.09.05)*

- 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 October 2004 to acquire Costain Group PLC ordinary shares under the 2004 Save As You Earn Share Option Scheme
- e - Options granted on 21 April 2004 to acquire Costain Group PLC ordinary shares under the 2004 Long Term Incentive Plan.
- f - Options granted on 26 April 2005 to acquire Costain Group PLC ordinary shares under the 2005 Long Term Incentive Plan.
- * - The interests of these directors in the shares of Costain Group PLC are disclosed in the accounts of that company.

EMPLOYMENT OF DISABLED PERSONS

It is the company's policy to give full and fair consideration to applications for employment made by disabled persons, to continue wherever possible the employment of and to arrange appropriate training for those who become disabled and to provide equal opportunities for the training and career development of disabled employees.

EMPLOYEE INVOLVEMENT

The Costain Group provides information to its employees both of a general company nature and to encourage awareness of financial and economic factors which affect the company in various ways. These include an in-house magazine, information via our electronic mail system, circulation of press releases, management briefings on company results, a report to employees on the annual financial statements of the Group and annual pension scheme reports. Participation and involvement are encouraged through regular management meetings with employees.

CREDITOR PAYMENT POLICY AND PRACTICE

As a result of the nature of the company's businesses, the contractual relationships with suppliers of goods and services and with subcontractors vary according to circumstances. It is the company's policy to enter into any appropriate form of contractual agreement on payment terms and to pay according to those terms. The company does not follow any particular code of practice for the payment of creditors. In practice, the company makes every effort to pay when it can be confirmed that the supplier has provided the goods or services in accordance with the relevant terms of the contract. There are no trade creditors shown in the balance sheet at the end of the financial year (2004: none).

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 ENGINEERING & CONSTRUCTION LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS'
REPORT AND THE FINANCIAL STATEMENTS
For the year ended 31 December 2005

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 ENGINEERING & CONSTRUCTION LIMITED

For the year ended 31 December 2005

We have audited the financial statements of Costain Engineering & Construction Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses 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 3, 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 ENGINEERING & CONSTRUCTION LIMITED
PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2005

	Notes	2005	2004
		£000's	£000's
Turnover	1	3,497	3,727
Cost of sales		1,054	(4,865)
		<hr/>	<hr/>
Gross profit/(loss)		4,551	(1,138)
Income from shares in participating interests		75,139	46
		<hr/>	<hr/>
Operating profit/(loss)		79,690	(1,092)
Sale of interest in joint venture	5	2,717	-
Interest receivable - external		489	602
Other finance charges	6	(2,812)	(1,118)
Interest payable - on amounts due to fellow subsidiary undertakings		(678)	(685)
		<hr/>	<hr/>
Profit/(loss) on ordinary activities before taxation	2	79,406	(2,293)
Taxation	7	(954)	(672)
		<hr/>	<hr/>
Profit/(loss) for the financial year	16	78,452	(2,965)
		<hr/>	<hr/>

All operating profits and losses are attributable to continuing operations.

THE NOTES ON PAGES 8 TO 18 FORM PART OF THESE FINANCIAL STATEMENTS

COSTAIN ENGINEERING & CONSTRUCTION LIMITED
BALANCE SHEET
As at 31 December 2005

	Notes	2005	2004
		£000's	£000's
Fixed assets			
Investments	8	92,307	91,642
		<hr/>	<hr/>
Current assets			
Debtors	9	106,575	26,244
Creditors: amounts falling due within one year	11	(104,008)	(101,151)
		<hr/>	<hr/>
Net current assets/(liabilities)		2,567	(74,907)
		<hr/>	<hr/>
Total assets less current liabilities		94,874	16,735
Provisions for liabilities and charges	12	(860)	(1,132)
		<hr/>	<hr/>
Net assets excluding pension liability		94,014	15,603
Pension liability	13	(68,954)	(69,265)
		<hr/>	<hr/>
Net assets/(liabilities) including pension liability		25,060	(53,662)
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	14	41,204	41,204
Share premium account	15	19,804	19,804
Other reserves	15	12,425	12,425
Profit and loss account	15	(48,373)	(127,095)
		<hr/>	<hr/>
Equity shareholders' funds/(deficit)	16	25,060	(53,662)
		<hr/>	<hr/>

The financial statements were approved by the Board of Directors on 20 March 2006 and were signed on its behalf by:


.....Director
A Wyllie

THE NOTES ON PAGES 8 TO 18 FORM PART OF THESE FINANCIAL STATEMENTS

COSTAIN ENGINEERING & CONSTRUCTION LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 31 December 2005

	2005	2004
	£000's	£000's
Profit/(loss) for the financial year	78,452	(2,965)
Actuarial gain/(loss) recognised in the pension scheme	387	(22,785)
Deferred tax arising thereon	(117)	6,836
	<hr/>	<hr/>
Total recognised gain/(loss) in the year	78,722	(18,914)
	<hr/>	<hr/>

Historical cost profit is not materially different from reported profit.

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.

The financial statements present information about the company as an individual undertaking and not about its Group. The company is exempt from preparing group financial statements (under section 228 of the Companies Act 1985) as it is included in the consolidated financial statements of its ultimate parent company.

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.

TURNOVER

Turnover represents the amounts (excluding value added tax) receivable for rental income and services provided.

TAXATION

Deferred taxation has been recognised a liability or an asset, except as otherwise required by FRS19 '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.

INTEREST PAYABLE

Interest is written off to the profit and loss account as it is incurred.

FOREIGN CURRENCY TRANSACTIONS

Exchange differences on transactions completed in the ordinary course of business are dealt with in profit on ordinary activities.

LEASED ASSETS

The annual rentals in respect of operating leases are charged to the profit and loss account.

1. Accounting policies - continued

PENSIONS

The Company operates a pension scheme providing benefits based on final pensionable salary for employees of Costain Group PLC and its subsidiaries. The assets of the scheme are held separately from those of the Company.

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The increase in the present value of the liabilities of the Costain Group defined benefit pension scheme expected to arise from employee service in the period is charged to the operating profit. The expected return on the scheme's assets and the increase during the period in the present value of the schemes liabilities arising from the passage of time are included in the other finance charges/income. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

2. Profit/(loss) on ordinary activities before taxation

	2005	2004
	£000's	£000's
Profit/(loss) on ordinary activities is stated after charging:		
Car leasing costs	3,181	2,988
Staff costs (Note 3)	72,892	63,355

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

3. Staff costs

	2005	2004
	£000's	£000's
Wages and salaries	62,269	53,999
Social security costs	5,693	4,840
Pension costs	4,930	4,516
	<hr/>	<hr/>
Total payroll costs	72,892	63,355
	<hr/>	<hr/>

The average number of persons employed by the company during the year in the United Kingdom was 1,553 (2004: 1,440). All staff were seconded to fellow subsidiaries and their costs charged.

4. Remuneration of directors

No remuneration was paid to the directors of the company during the year (2004:£Nil).

COSTAIN ENGINEERING & CONSTRUCTION LIMITED
NOTES TO THE FINANCIAL STATEMENTS-continued
For the year ended 31 December 2005

5. Sale of interest in joint venture

By an agreement dated 22 December 2005, 50% of the investments in HpC King's Hospital (Holdings) Limited (Shares and Loan Notes) were sold for a cash consideration of £3,575,000. The profit on disposal after incidental costs of sale was £2,717,000 and the tax arising of £810,000 is shown in Note 7.

6. Other finance (charges)/income	2005	2004
	£000's	£000's
Expected return on pension scheme assets	21,080	20,266
Interest on pension scheme liabilities	(23,892)	(21,384)
	<hr/>	<hr/>
Net charge	(2,812)	(1,118)
	<hr/>	<hr/>
7. Taxation	2005	2004
	£000's	£000's
On loss for the year:		
UK corporation tax at 30%	(127)	(174)
Group relief payable for capital losses	(810)	-
	<hr/>	<hr/>
	(937)	(174)
Deferred taxation	(17)	(498)
	<hr/>	<hr/>
Tax on profit/(loss) on ordinary activities	(954)	(672)
	<hr/>	<hr/>
Tax reconciliation:	2005	2004
	£000's	£000's
Profit/(loss) on ordinary activities before taxation	79,406	(2,293)
	<hr/>	<hr/>
Tax at 30%	(23,822)	688
Group income	22,542	14
Sundry disallowed expenditure	(84)	(57)
Pension timing differences	17	498
Other timing differences	410	33
Provisions against investment in subsidiaries	-	(1,350)
	<hr/>	<hr/>
Total current tax	(937)	(174)
	<hr/>	<hr/>
The elements of deferred taxation are as follows:	2005	2004
	£000's	£000's
Deferred tax asset on pension liability	29,551	29,685
	<hr/>	<hr/>

COSTAIN ENGINEERING & CONSTRUCTION LIMITED
NOTES TO THE FINANCIAL STATEMENTS continued
For the year ended 31 December 2005

7. Taxation - continued

The movements in the deferred taxation balance were as follows:

	£000's
Deferred taxation asset at the beginning of the year	29,685
Amount charged to profit and loss account	(17)
Amount credited to the statement of recognised gains and losses	(117)
	<hr/>
Deferred taxation asset at the end of the year	29,551
	<hr/>

The Company has other deferred taxation assets that have not been recognised on the basis that the future economic benefit was not assured as at the balance sheet date. Tax relief will be obtained if suitable profits arise in future accounting periods.

The full potential deferred taxation assets not recognised at 30% were:

	2005 £000's	2004 £000's
Other timing differences	913	1,323
Surplus ACT	1,000	1,000
Capital losses	71	-

8. Investments

	Subsidiary undertakings	Other investments	Investments in joint ventures	Loans to joint ventures	Other loans	Total
Cost	£000's	£000's	£000's	£000's	£000's	£000's
At 1 January 2005	137,376	51	244	3,016	972	141,659
Additions	-	-	183	1,337	-	1,520
Reclassifications	-	25	(25)	(860)	860	-
Disposals	-	-	(25)	(1,923)	-	(1,948)
At 31 December 2005	<hr/> 137,376	<hr/> 76	<hr/> 377	<hr/> 1,570	<hr/> 1,832	<hr/> 141,231
Provisions						
At 1 January 2005	48,840	-	-	1,177	-	50,017
Released in year	-	-	-	(1,093)	-	(1,093)
Reclassification	-	-	-	(84)	84	-
At 31 December 2005	<hr/> 48,840	<hr/> -	<hr/> -	<hr/> -	<hr/> 84	<hr/> 48,924
Net Book Value						
At 31 December 2005	<hr/> 88,536	<hr/> 76	<hr/> 377	<hr/> 1,570	<hr/> 1,748	<hr/> 92,307
At 31 December 2004	<hr/> 88,536	<hr/> 51	<hr/> 244	<hr/> 1,839	<hr/> 972	<hr/> 91,642

Details of subsidiary undertakings and joint ventures are shown in Note 21.

COSTAIN ENGINEERING & CONSTRUCTION LIMITED
NOTES TO THE FINANCIAL STATEMENTS continued
For the year ended 31 December 2005

9. Debtors

	2005 £000's	2004 £000's
Amounts falling due within one year:		
Amounts owing by parent and fellow subsidiary undertakings	101,500	24,857
Other debtors	5,075	1,387
	<u>106,575</u>	<u>26,244</u>

10. 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 Limited.

11. Creditors: amounts falling due within one year

	2005 £000's	2004 £000's
Amounts owing to parent and fellow subsidiary undertakings	92,676	92,917
Social security	2,322	1,947
Taxation	937	174
Other creditors	8,023	6,106
Accruals and deferred income	50	7
	<u>104,008</u>	<u>101,151</u>

12. Provision for liabilities and charges

	At beginning of year £000's	Provided £000's	Released £000's	At end of year £000's
Other provisions	1,132	-	(272)	860
	<u>1,132</u>	<u>-</u>	<u>(272)</u>	<u>860</u>

Other provisions relate to litigation provisions and costs of vacant property. The provisions are expected to be utilised over the next two years.

13. Pensions

The company operates a defined benefit pension scheme in the United Kingdom under which contributions are paid by the company and employees. The defined benefit scheme was closed to new members on 1 June 2005. From 1 April 2006, future benefits will be calculated on a Career Average Revalued Earnings basis.

A full actuarial valuation of the scheme was carried out at 31 March 2005 and was updated to 31 December 2005 by a qualified independent actuary. The major assumptions used by the actuary were (in nominal terms):

	31.12.2005	31.12.2004	31.12.2003
Rate of increase in pensionable salaries	2.8%	2.8%	2.8%
Rate of increase in pensions in payment	2.8%	2.8%	2.8%
Rate of increase in pensions in deferment	2.8%	2.8%	2.8%
Discount rate	4.8%	5.4%	5.4%
Inflation assumption	2.8%	2.8%	2.8%
Expected return on plan assets	6.1%	6.1%	6.3%

The assumptions used by the actuary are best estimates chosen from a range of possible actuarial assumptions, which, due to the timescale covered, may not necessarily be borne out in practice.

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus are inherently uncertain, were:

	31.12.2005	31.12.2005	31.12.2004	31.12.2004	31.12.2003	31.12.2003
		£m		£m		£m
Equities	6.8%	272.8	7.1%	230.1	7.2%	215.2
Bonds	4.4%	130.5	4.2%	118.9	4.6%	107.1
Total market value of assets		<u>403.3</u>		<u>349.0</u>		<u>322.3</u>
Actuarial value of liability		<u>(501.8)</u>		<u>(447.9)</u>		<u>(400.1)</u>
Deficit in the scheme		<u>(98.5)</u>		<u>(98.9)</u>		<u>(77.8)</u>
Related deferred tax asset		<u>29.5</u>		<u>29.7</u>		<u>23.3</u>
Net pension liability		<u>(69.0)</u>		<u>(69.2)</u>		<u>(54.5)</u>

Analysis of amount charged to operating profit

	2005	2004
	£m	£m
Current service cost	4.8	4.2
Past service cost	0.1	0.3
	<u>4.9</u>	<u>4.5</u>

COSTAIN ENGINEERING & CONSTRUCTION LIMITED
NOTES ON THE FINANCIAL STATEMENTS continued
For the year ended 31 December 2005

13. Pensions - continued

Analysis of net return

An analysis of the net return on the scheme can be seen in Note 6.

Analysis of amount recognised in statement of total recognised gains and losses (STRGL)

	2005	2004
	£m	£m
Actual return less expected return on assets	38.3	11.4
Experience gain/(loss) on liabilities	10.3	(9.0)
Changes in assumptions	(48.3)	(25.2)
Actuarial gain/(loss) recognised	<u>0.3</u>	<u>(22.8)</u>

Movement in surplus during the year

	2005	2004
	£m	£m
Deficit in scheme at beginning of year	(98.9)	(77.8)
Movement in year (current service cost)	(4.8)	(4.2)
Contributions	7.8	7.3
Past service cost	(0.1)	(0.3)
Net return on assets	(2.8)	(1.1)
Actuarial gain/(loss)	0.3	(22.8)
Deficit in scheme at end of year	<u>(98.5)</u>	<u>(98.9)</u>

The estimated actuarial valuation at 31 December 2005 showed a deficit of £98.5 million. The service cost has been calculated using a projected unit method. The employer contributed 13.6% of member's pensionable salaries to the scheme up until 1 April 2004, and 15.6% thereafter.

History of experience gains and losses

	Financial year ended				
	2005	2004	2003	2002	2001
	£m	£m	£m	£m	£m
Difference between expected and actual return on scheme assets:					
Amount (£ms)	38.3	11.4	24.0	(54.9)	(44.5)
Percentage of scheme assets	9%	3%	7%	(19%)	(13%)
Experience gain/(loss) on scheme liabilities					
Amount (£ms)	10.3	(9.0)	(21.2)	1.8	-
Percentage of scheme assets	2%	(2%)	(5%)	1%	-
Total amount recognised in STRGL:					
Amount (£ms)	0.3	(22.8)	(44.0)	(50.1)	(39.5)
Percentage of scheme assets	-	(5%)	(11%)	(16%)	(12%)

COSTAIN ENGINEERING & CONSTRUCTION LIMITED
NOTES ON THE FINANCIAL STATEMENTS continued
For the year ended 31 December 2005

14. Share capital

	2005 and 2004	
	Authorised	Issued and fully paid
	£000's	£000's
Ordinary shares of £1 each	50,000	41,204

15. Reserves

	Share premium account £000's	Other reserves £000's	Profit and loss account £000's
At 1 January 2005	19,804	12,425	(127,095)
Profit for the year	-	-	78,452
Actuarial gain recognised	-	-	387
Deferred tax	-	-	(117)
At 31 December 2005	19,804	12,425	(48,373)

16. Reconciliation of movement in shareholders' funds

	2005 £000's	2004 £000's
Opening shareholders' deficit	(53,662)	(34,748)
Profit/(loss) for the financial year	78,452	(2,965)
Other recognised gains and losses	270	(15,949)
Closing shareholders' funds/(deficit)	25,060	(53,662)

17. Other financial commitments

Annual commitments under non-cancellable operating leases comprise:

	Land and buildings		Other	
	2005 £000's	2004 £000's	2005 £000's	2004 £000's
Leases expiring				
- within one year	104	25	1,165	957
- between one and two years	-	315	694	1,071
- between two and five years	518	518	623	697
- after five years	1,748	1,640	-	-
	2,370	2,498	2,482	2,725

18. 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.

19. Related parties transactions

The company is exempt under Financial Reporting Standard No. 8 (FRS 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.

20. Ultimate parent company

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, Berks, SL6 1LN.

21. Investments in subsidiary undertakings and participating interests

Subsidiary undertakings	Percentage of equity capital held by		Nature of business	Country of Incorporation
	The Company	Subsidiary Undertakings		
CLM Engineering Ltd	100		Marine Contracting	
CLM Engineering (Overseas) Ltd	100		Marine Contracting	
Costain Abu Dhabi Co WLL		49*	Process Contracting	UAE
Costain (Africa) Ltd		100	Construction	Zimbabwe
Costain Building Products Ltd	100		Concrete Production	
Costain Building & Civil Engineering Ltd	100		Construction & Civil Eng.	
Costain Construction Ltd		100	Construction	
Costain Construction (Botswana) Pty Ltd		100	Construction	Botswana
Costain de Venezuela C.A.		100	Dormant	Venezuela
Costain Dubai LLC		49*	Construction	UAE
Costain Engineering Ltd		100	Dormant	
Costain Engineering & Construction (Overseas) Ltd	100		Holding Company	
Costain Environmental Services Ltd	100		Process Contracting	
Costain Interiors Ltd		100	Dormant	

COSTAIN ENGINEERING & CONSTRUCTION LIMITED
NOTES ON THE FINANCIAL STATEMENTS continued
For the year ended 31 December 2005

21. Investments in subsidiary undertakings and participating interests – continued

Subsidiary undertakings	Percentage of equity capital held by		Nature of business	Country of incorporation
	The company	Subsidiary Undertakings		
Costain Holdings (Botswana) Pty Ltd		100	Holding Co.	Botswana
Costain Holdings (Malaysia) Sdn Bhd		100	Holding Co.	Malaysia
Costain Holdings Zimbabwe (Pvt) Ltd		100	Holding Co.	Zimbabwe
Costain Housing Zimbabwe (Pvt) Ltd		100	Construction	Zimbabwe
Costain International Ltd		100	Construction	
Costain (Malaysia) Sdn Bhd		100	Construction	Malaysia
Costain Management Design Ltd		100	Dormant	
Costain Mining Zimbabwe (Pvt) Ltd		100	Dormant	Zimbabwe
Costain Oil, Gas & Process (Nigeria) Ltd		95	Process Contracting	Nigeria
Costain Oil, Gas & Process (Overseas) Ltd		100	Process Contracting	
Costain Oil, Gas & Process (Malaysia) Sdn Bhd		100	Process Contracting	Malaysia
Costain, Oil, Gas & Process Ltd	100		Process Contracting	
Costain Polska Sp. Z.o.o		100	Construction	Poland
Costain Process Construction Ltd	100		Engineering	
Costain Properties Zimbabwe (Pvt) Ltd		100	Dormant	Zimbabwe
Costain Trade & Services Ltd		100	Dormant	
Costain Zimbabwe (Pvt) Ltd		85	Construction & Civil Engineering	Zimbabwe
Land & Marine Eng (India) Ltd		100	Dormant	India
National Road Operators Ltd	100		Civil Engineering	
Richard Costain Construction & Engineering Ltd		100	Civil Engineering & Construction	Nigeria
The E J Cook SCD Partnership Ltd	100		Property	
Westminster Plant Co Ltd		100	Plant Hire	

COSTAIN ENGINEERING & CONSTRUCTION LIMITED
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21. Investments in subsidiary undertakings and joint ventures - continued

	Issued Share capital	Percentage of Equity held	Nature of Business	Country of incorporation
	(£m)			
Joint ventures				
Budimex & Costain Sp. z.o.o	-	50(a)	Construction	Poland
China Harbour-Costain Mexico S de RL de CV	-	50(a)	Civil Engineering	Mexico
Costain Petrofac Ltd	0.1	50(a)	Process Engineering	
Integrated Care Solutions (East Kent) Holdings Ltd	0.1	50	Operation of Care Homes	
Integrated Care Solutions (Shropshire) Holdings Ltd	-	50	Construction and Operation of Care Homes	
Jalal Costain WLL	0.1	49(a)	Construction	Bahrain
KP Costain Ltd	-	50(a)	Civil Engineering & Construction	Cyprus
Nesma-Costain Process Company Ltd	1.0	50(a)	Process Contracting	Saudi Arabia
Seafort Holdings Ltd	-	45	Construction and Operation of Schools	
Sirhowy Enterprise Way (Holdings) Ltd	-	50	Road Operator	
Associates				
Coast to Coast Holdings Ltd	0.1	20	Asset Management	
Coast to Coast Services Ltd	-	20	Asset Management	
Costain (West Africa) Plc	0.3	37(a)	Civil Engineering & Construction	Nigeria
Kent Education Partnership Ltd	-	30	Construction and Operation of Schools	
Prime Care Solution (Kingston) Holdings Ltd	-	40	Construction and Operation of Hospital	
Sleeperz Ltd	0.1	30	Construction and Operation of Hotels	
Stratus Integrated Services Ltd	-	25(a)	Controller of Operation of Meteorological Office	

* Treated as a subsidiary due to dominant influence.

(a) Investments held by subsidiary companies

All holdings are ordinary shares and all companies are incorporated in Great Britain and registered in England except where stated.