

COSTAIN ENGINEERING & CONSTRUCTION LIMITED

REGISTERED NUMBER 2440829

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2004

KPMG Audit Plc
Chartered Accountants
Registered Auditor
GATWICK



COSTAIN ENGINEERING & CONSTRUCTION LIMITED
REPORT OF THE DIRECTORS
For the year ended 31 December 2004

BUSINESS REVIEW

The company is an investment company and a holding company for 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 in the register of directors' interests were as follows:

		At 01.01.04	At 31.12.04
S Doughty*			
C J McCole*			
A J Handford	a	374	374
	b	135,618	135,618
	c	9,450	9,450
	d	-	5,639
	e	-	140,298

- a - Costain Group PLC ordinary shares of 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.
- * - 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

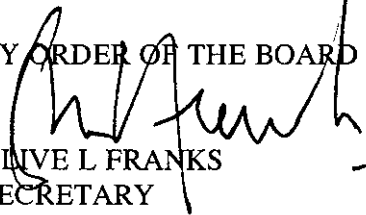
The Costain Group provides information to its employees both of a general company nature and to encourage awareness of financial and economic factors which affect the company in various ways. These include an in-house magazine, information via our electronic mail system, circulation of press releases,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

COSTAIN ENGINEERING & CONSTRUCTION LIMITED
REPORT OF THE DIRECTORS
For the year ended 31 December 2004

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 (2003: none).

BY ORDER OF THE BOARD


CLIVE L FRANKS
SECRETARY
15 March 2005

REGISTERED OFFICE

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

COSTAIN ENGINEERING & CONSTRUCTION LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
For the year ended 31 December 2004

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 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COSTAIN ENGINEERING & CONSTRUCTION LIMITED

For the year ended 31 December 2004

We have audited the financial statements on pages 5 to 18.

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

The directors are responsible for preparing the directors' report and, as described on page 3, 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 2004 and of its loss 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

15 March 2005
Date

COSTAIN ENGINEERING & CONSTRUCTION LIMITED
PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2004

	Notes	2004	2003
		£000's	£000's
Turnover	1	3,727	4,295
Cost of sales		(4,865)	(8,016)
		<hr/>	<hr/>
Gross Loss		(1,138)	(3,721)
Income from shares in participating interests		46	256
		<hr/>	<hr/>
Operating Loss		(1,092)	(3,465)
Interest receivable - external		602	593
Other finance charges	5	(1,118)	(834)
Interest payable - on amounts due to fellow subsidiary undertakings		(685)	(779)
		<hr/>	<hr/>
Loss on ordinary activities before taxation	2	(2,293)	(4,485)
Taxation	6	(672)	(488)
		<hr/>	<hr/>
Loss for the financial year	15	(2,965)	(4,973)
		<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 2004

	Notes	2004	2003
		£000's	£000's
Fixed assets			
Investments	7	91,642	95,801
		<hr/>	<hr/>
Current assets			
Debtors	8	26,244	29,192
Creditors: amounts falling due within one year	10	(101,151)	(104,019)
		<hr/>	<hr/>
Net current liabilities		(74,907)	(74,827)
		<hr/>	<hr/>
Total assets less current liabilities		16,735	20,974
Provisions for liabilities and charges	11	(1,132)	(1,246)
		<hr/>	<hr/>
Net assets excluding pension liability		15,603	19,728
Pension liability	12	(69,265)	(54,476)
		<hr/>	<hr/>
Net liabilities including pension liability		(53,662)	(34,748)
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	13	41,204	41,204
Share premium account	14	19,804	19,804
Other reserves	14	12,425	12,425
Profit and loss account	14	(127,095)	(108,181)
		<hr/>	<hr/>
Equity shareholders deficit	15	(53,662)	(34,748)
		<hr/>	<hr/>

The financial statements were approved by the Board of Directors on 15 March 2005 and were signed on its behalf by:


.....Director
C J McCole

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 2004

	2004	2003
	£000's	£000's
Loss for the financial year	(2,965)	(4,973)
Actuarial loss recognised in the pension scheme	(22,785)	(43,953)
Deferred tax arising thereon	6,836	13,186
	<hr/>	<hr/>
Total recognised loss in the year	(18,914)	(35,740)
	<hr/>	<hr/>

Historical cost profit is not materially different from reported profit.

COSTAIN ENGINEERING & CONSTRUCTION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2004

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 accounts (under section 228 of the Companies Act 1985) as it is included in the consolidated accounts 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 as liability or 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 normally 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.

COSTAIN ENGINEERING & CONSTRUCTION LIMITED
NOTES TO THE FINANCIAL STATEMENTS continued
For the year ended 31 December 2004

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. Loss on ordinary activities before taxation

	2004	2003
	£000's	£000's
Loss on ordinary activities is stated after charging:		
Car leasing costs	2,988	2,822
Staff costs (note 3)	63,355	63,260

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

3. Staff costs

	2004	2003
	£000's	£000's
Wages and salaries	53,999	54,247
Social security costs	4,840	4,687
Pension costs	4,516	4,326
	<hr/>	<hr/>
Total payroll costs	63,355	63,260
	<hr/>	<hr/>

The average number of persons employed by the company during the year in the United Kingdom was 1,440 (2003: 1,316). All staff were seconded to fellow subsidiaries and their costs charged.

COSTAIN ENGINEERING & CONSTRUCTION LIMITED
NOTES TO THE FINANCIAL STATEMENTS continued
For the year ended 31 December 2004

4. Remuneration of directors

No remuneration was paid to the directors of the company during the year (2003: £nil)

5. Other finance (charges)/income

	2004 £000's	2003 £000's
Expected return on pension scheme assets	20,266	16,986
Interest on pension scheme liabilities	(21,384)	(17,820)
	<hr/>	<hr/>
Net return	(1,118)	(834)
	<hr/>	<hr/>

6. Taxation

	2004 £000's	2003 £000's
On loss for the year:		
UK corporation tax at 30%	(174)	(323)
Deferred taxation	(498)	(165)
	<hr/>	<hr/>
Tax on loss on ordinary activities	(672)	(488)
	<hr/>	<hr/>
Tax reconciliation:	2004 £000's	2003 £000's
Loss on ordinary activities before taxation	(2,293)	(4,485)
	<hr/>	<hr/>
Tax at 30%	688	1,345
Group income	14	77
Sundry disallowed expenditure	(57)	(75)
Pension timing differences	498	165
Other timing differences	33	495
Group relief claimed free of charge	-	70
Provisions against investment in subsidiaries	(1,350)	(2,400)
	<hr/>	<hr/>
Total current tax	(174)	(323)
	<hr/>	<hr/>
The elements of deferred taxation are as follow:	2004 £000's	2003 £000's
Deferred tax asset on pension liability	29,685	23,347
	<hr/>	<hr/>

COSTAIN ENGINEERING & CONSTRUCTION LIMITED
NOTES TO THE FINANCIAL STATEMENTS continued
For the year ended 31 December 2004

6. Taxation - continued

The movements in the deferred taxation balance were as follows:

	£000's
Deferred taxation asset at the beginning of the year	23,347
Amount charged to profit and loss account	(498)
Amount credited to the statement of recognised gains and losses	6,836
	<hr/>
Deferred taxation asset at the end of the year	29,685
	<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:

	2004 £000's	2003 £000's
Other timing differences	1,323	1,355
Surplus ACT	1,000	1,000

7. 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 2004	137,376	350	115	2,778	995	141,614
Additions	-	1	129	238	-	368
Disposals	-	(300)	-	-	(23)	(323)
At 31 December 2004	<hr/> 137,376	<hr/> 51	<hr/> 244	<hr/> 3,016	<hr/> 972	<hr/> 141,659
Provisions						
At 1 January 2004	44,340	300	-	1,173	-	45,813
Provided in year	4,500	(300)	-	4	-	4,204
At 31 December 2004	<hr/> 48,840	<hr/> -	<hr/> -	<hr/> 1,177	<hr/> -	<hr/> 50,017
Net Book Value						
At 31 December 2004	<hr/> 88,536	<hr/> 51	<hr/> 244	<hr/> 1,839	<hr/> 972	<hr/> 91,642
At 31 December 2003	<hr/> 93,036	<hr/> 50	<hr/> 115	<hr/> 1,605	<hr/> 995	<hr/> 95,801

Details of subsidiary undertakings and joint ventures are shown in note 20.

COSTAIN ENGINEERING & CONSTRUCTION LIMITED
NOTES TO THE FINANCIAL STATEMENTS continued
For the year ended 31 December 2004

8. Debtors

	2004 £000's	2003 £000's
Amounts falling due within one year:		
Amounts owing by parent and fellow subsidiary undertakings	24,857	27,814
Other debtors	1,387	1,378
	<hr/>	<hr/>
	26,244	29,192
	<hr/>	<hr/>

9. 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.

10. Creditors: amounts falling due within one year

	2004 £000's	2003 £000's
Amounts owing to parent and fellow subsidiary undertakings	92,917	95,453
Social security	1,947	3,256
Taxation	174	323
Other creditors	6,106	4,965
Accruals and deferred income	7	22
	<hr/>	<hr/>
	101,151	104,019
	<hr/>	<hr/>

11. 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	1,246	-	(114)	1,132
	<hr/>	<hr/>	<hr/>	<hr/>

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

COSTAIN ENGINEERING & CONSTRUCTION LIMITED
NOTES ON THE FINANCIAL STATEMENTS continued
For the year ended 31 December 2004

12. Pensions

The company operates a defined benefit pension scheme in the United Kingdom under which contributions are paid by the company and employees.

A full actuarial valuation of the scheme was carried out at 31 March 2003 and was updated to 31 December 2004 by a qualified independent actuary. The major assumptions used by the actuary were (in nominal terms):

	31.12.2004	31.12.2003	31.12.2002
Rate of increase in pensionable salaries	2.8%	2.8%	2.3%
Rate of increase in pensions in payment	2.8%	2.8%	2.3%
Rate of increase in pensions in deferment	2.8%	2.8%	2.3%
Discount rate	5.4%	5.4%	5.6%
Inflation assumption	2.8%	2.8%	2.3%

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:

	31.12.2004	31.12.2004	31.12.2003	31.12.2003	31.12.2002	31.12.2002
		£m		£m		£m
Equities	7.1%	230.1	7.2%	215.2	6.9%	180.7
Bonds	4.2%	118.9	4.6%	107.1	4.5%	106.9
Total market value of assets		<u>349.0</u>		<u>322.3</u>		<u>287.6</u>
Actuarial value of liability		<u>(447.9)</u>		<u>(400.1)</u>		<u>(322.0)</u>
(Deficit)/surplus in the scheme		<u>(98.9)</u>		<u>(77.8)</u>		<u>(34.4)</u>
Related deferred tax asset		<u>29.7</u>		<u>23.3</u>		<u>10.3</u>
Net pension liability		<u>(69.2)</u>		<u>(54.5)</u>		<u>(24.1)</u>

Analysis of amount charged to operating profit

	2004	2003
	£m	£m
Current service cost	4.2	4.3
Past service cost	0.3	-
	<u>4.5</u>	<u>4.3</u>

12. Pensions - continued

Analysis of net return

An analysis of the net return on the scheme can be seen in Note 5.

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

	2004	2003
	£m	£m
Actual return less expected return on assets	11.4	24.0
Experience loss on liabilities	(9.0)	(21.2)
Changes in assumptions	(25.2)	(46.8)
Actuarial loss recognised	<u>(22.8)</u>	<u>(44.0)</u>

Movement in surplus during the year

	2004	2003
	£m	£m
Deficit in scheme at beginning of year	(77.8)	(34.4)
Movement in year (current service cost)	(4.2)	(4.3)
Contributions	7.3	5.7
Past service cost	(0.3)	-
Net return on assets	(1.1)	(0.8)
Actuarial loss	(22.8)	(44.0)
Deficit in scheme at end of year	<u>(98.9)</u>	<u>(77.8)</u>

The estimated actuarial valuation at 31 December 2004 showed a deficit of £98.9 million. The service cost has been calculated using a projected unit method. The employer contributed 11.6% of member's pensionable salaries to the scheme up until 1 April 2003, and 13.6% thereafter. It was decided as part of the full actuarial valuation carried out at 31 March 2003 that the employer would contribute 15.6% of member's pensionable salaries from 1 April 2004.

History of experience gains and losses

	Financial year ended				
	2004	2003	2002	2001	2000
	£m	£m	£m	£m	£m
Difference between expected and actual return on scheme assets:					
amount (£ms)	11.4	24.0	(54.9)	(44.5)	(10.8)
Percentage of scheme assets	3%	7%	(19%)	(13%)	(3%)
Experience (loss)/gain on scheme liabilities					
amount (£ms)	(9.0)	(21.2)	1.8	-	(3.1)
Percentage of scheme assets	2%	(5%)	1%	-	(1%)
Total amount recognised in STRGL:					
amount (£ms)	<u>(22.8)</u>	<u>(44.0)</u>	<u>(50.1)</u>	<u>(39.5)</u>	<u>(10.7)</u>
percentage of scheme assets	<u>(5%)</u>	<u>(11%)</u>	<u>(16%)</u>	<u>(12%)</u>	<u>(3%)</u>

COSTAIN ENGINEERING & CONSTRUCTION LIMITED
NOTES ON THE FINANCIAL STATEMENTS continued
For the year ended 31 December 2004

13. Share capital

	2004 and 2003	
	Authorised	Issued and fully paid
	£000's	£000's
Ordinary shares of £1 each	50,000	41,204

14. Reserves

	Share premium account £000's	Other reserves £000's	Profit and loss account £000's
At 1 January 2004	19,804	12,425	(108,181)
Loss for the year	-	-	(2,965)
Actuarial loss recognised	-	-	(22,785)
Deferred tax	-	-	6,836
At 31 December 2004	19,804	12,425	(127,095)

15. Reconciliation of movement in shareholders' funds

	2004 £000's	2003 £000's
Opening shareholders' funds (deficit)/funds	(34,748)	992
Loss for the financial year	(2,965)	(4,973)
Other recognised gains and losses	(15,949)	(30,767)
Closing shareholders' deficit	(53,662)	(34,748)

16. Other financial commitments

Annual commitments under non-cancellable operating leases comprise:

	Land and buildings		Other	
	2004 £000's	2003 £000's	2004 £000's	2003 £000's
Leases expiring				
- within one year	25	61	537	412
- between one and two years	315	315	1,597	1,592
- between two and five years	518	-	1,687	2,560
- after five years	1,640	2,488	-	-
	<u>2,498</u>	<u>2,864</u>	<u>3,821</u>	<u>4,564</u>

17. 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 2004 these liabilities amounted to £nil (2003: £nil).

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

18. 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.

19. 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, Nicholson's Walk, Maidenhead, Berks. SL6 1LN.

20. 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 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 2004

20. 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	
The E J Cook SCD Partnership Ltd	100		Property	
Westminster Plant Co Ltd		100	Plant Hire	
Yahya Costain LLC		49*	Construction	Oman

COSTAIN ENGINEERING & CONSTRUCTION LIMITED
NOTES ON THE FINANCIAL STATEMENTS continued
For the year ended 31 December 2004

20. Investments in subsidiary undertakings and joint ventures - continued

	Issued Share capital (£m)	Percentage of Equity held	Nature of Business	Country of incorporation
Joint ventures				
Budimex & Costain Sp. z.o.o	-	50(a)	Construction	Poland
Costain Petrofac Ltd	0.1	50(a)	Process engineering	
HpC King's College Hospital (Holdings) Ltd	0.2	33.3	Construction and operation of hospital	
Integrated Care Solutions (East Kent) Holdings Ltd	0.1	50	Construction and operation of care homes	
Jalal Costain WLL	0.1	49(a)	Construction	Bahrain
Nesma-Costain Process Company Ltd	1.0	50(a)	Process contracting	Saudi Arabia
Prime Care Solution (Kingston) Holdings Ltd	-	40	Construction and operation at hospital	
Sirhowy Enterprise Way (Holdings) Ltd	-	50	Construction and operation of toll road	
Stratus Integrated Services Ltd	-	25(a)	Controller of operation of Meteorological Office	
Associates				
Costain (West Africa) Plc	0.3	37(a)	Civil engineering and construction	Nigeria

* 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.