

COSTAIN ENGINEERING & CONSTRUCTION (OVERSEAS) LIMITED

REGISTERED NUMBER 2440830

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2009

KPMG Audit Plc
Chartered Accountants
Registered Auditor
LONDON

THURSDAY



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20/05/2010
COMPANIES HOUSE

BUSINESS REVIEW

The company is a holding company for Costain Group's overseas engineering and construction operations outside the United States

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

DIRECTORS

The directors of the company who held office during the year were as follows

A Wyllie
A O Bickerstaff
C L Franks

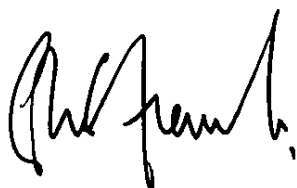
DISCLOSURE OF INFORMATION TO AUDITORS

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

AUDITORS

Pursuant to Section 487 of the Companies Act the auditors will be deemed to be re-appointed and KPMG Audit Plc will therefore continue in office

BY ORDER OF THE BOARD



CLIVE L FRANKS
SECRETARY

16 April 2010

REGISTERED OFFICE
Costain House,
Vanwall Business Park,
Maidenhead,
Berkshire SL6 4UB

COSTAIN ENGINEERING & CONSTRUCTION (OVERSEAS) LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE
FINANCIAL STATEMENTS
For the year ended 31 December 2009

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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 (OVERSEAS) LIMITED

For the year ended 31 December 2009

We have audited the financial statements of Costain Engineering & Construction (Overseas) Limited for the year ended 31 December 2009 set out on pages 4 to 11. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditors' 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 explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the year then ended
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



S McCallion (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants
8 Salisbury Square
London EC4Y 8BB

16 April 2010

COSTAIN ENGINEERING & CONSTRUCTION (OVERSEAS) LIMITED
PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2009

	Notes	2009 £	2008 £
Cost of sales		-	19,970
Gross profit		-	19,970
Operating profit		-	19,970
Income from shares in participating interests		294,228	-
Interest receivable on amounts due from group undertakings		13,781	270,404
Profit on ordinary activities before taxation	2	308,009	290,374
Taxation	6	-	(75,836)
Profit for the financial year	13	308,009	214,538

All operating profits are attributable to continuing operations

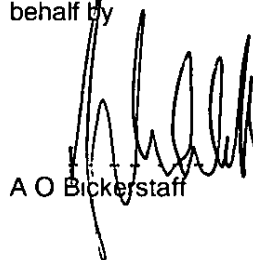
There were no recognised gains or losses other than the profit for the year and the preceding year

THE NOTES ON PAGES 6 TO 11 FORM PART OF THESE FINANCIAL STATEMENTS

COSTAIN ENGINEERING & CONSTRUCTION (OVERSEAS) LIMITED
BALANCE SHEET
As at 31 December 2009

	Notes	2009 £	2008 £
Fixed assets			
Investments	7	786	934
Current assets			
Debtors	8	6,674,586	6,452,918
Creditors' amounts falling due within one year	10	-	(75,838)
Net current assets		6,674,586	6,377,080
Total assets less current liabilities		6,675,372	6,378,014
Provisions for liabilities and charges	11	(239,349)	(250,000)
Net assets		6,436,023	6,128,014
Capital and reserves			
Called up share capital	12	4,448,043	4,448,043
Share premium account	13	1,331,358	1,331,358
Profit and loss account	13	656,622	348,613
Equity shareholders' funds	14	6,436,023	6,128,014

The financial statements were approved by the Board of Directors on 16 April 2010 and were signed on its behalf by



A O Bickerstaff

Director

Company registered number 2440830

THE NOTES ON PAGES 6 TO 11 FORM PART OF THESE FINANCIAL STATEMENTS

COSTAIN ENGINEERING & CONSTRUCTION (OVERSEAS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2009

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 company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

FOREIGN CURRENCY TRANSACTIONS

Monetary assets and liabilities denominated 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. Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of transaction.

TAXATION

Deferred taxation has been recognised as a liability or asset, except as otherwise required by FRS 19 '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.

PENSIONS

The company incurs pension costs in respect of employees seconded from a group undertaking on a defined contributions basis.

From 1 April 2006 to 30 September 2009, those seconded employees who participated in the Costain Group's UK defined benefit pension scheme were provided with benefits based on a Career Average Revalued Earnings basis. Details of this scheme, which was closed to future accrual on 30 September 2009, are included in the financial statements of Costain Group PLC.

Other seconded employees who were members of Costain Group's UK Stakeholder pension scheme were provided benefits on a defined contribution basis until 30 September 2009.

From 1 October 2009, eligible employees could participate in the Costain Pension Plan, which provides benefits on a defined contribution basis.

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.

COSTAIN ENGINEERING & CONSTRUCTION (OVERSEAS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS continued
For the year ended 31 December 2009

2 Profit on ordinary activities before taxation

	2009 £	2008 £
Profit on ordinary activities is stated after crediting Income from shares in participating interests	294,228	-

3 Auditor's remuneration

	2009 £	2008 £
Fees for the audit of the company	5,000	5,000

There are no fees paid to KPMG Audit plc for services other than the statutory audit of the company. The audit fee was borne by another group company.

4. Staff costs

The total number of staff employed by the company at year-end was 7 (2008: 7), all of which were seconded full-time to the overseas contracts of fellow subsidiary undertakings. No costs for these staff were incurred by the company.

The company incurs pension costs in respect of employees, who participate in Costain Group's UK pensions scheme, on a defined contributions basis. The scheme is a defined benefits scheme and provides benefits to the employee based on final pensionable salary. Details of this scheme are included in the accounts of Costain Group PLC. The company does not participate in any surplus that may arise in the scheme.

The cost for the period of contributions to this scheme was £nil (2008: £nil). There are no outstanding or prepaid contributions at the balance sheet date (2008: £nil).

5 Remuneration of directors

No emoluments were paid to the directors of the company during the year (2008: £nil).

6. Taxation

	2009 £	2008 £
On profit for the year		
United Kingdom corporation tax at 28% (2008: 28.5%)	-	(75,836)
Adjustment in respect of prior years	-	-
Tax on profit on ordinary activities	-	(75,836)

COSTAIN ENGINEERING & CONSTRUCTION (OVERSEAS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS continued
For the year ended 31 December 2009

6 Taxation – continued

	2009 £	2008 £
Tax reconciliation		
Profit on ordinary activities before taxation	308,009	290,374
Tax at 28% (2008 28.5%)	(86,243)	(82,757)
Movement on provisions	1,400	-
Profits not subject to tax	82,384	5,691
Group relief free of charge and rate differential	2,459	1,230
Adjustments for prior years	-	-
Total current tax	-	(75,836)

No deferred taxation has been recognised on the unremitted earnings of overseas subsidiaries and joint ventures as no dividends are proposed

The company has deferred taxation assets that have not been recognised on the basis that their 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 28% (2008 28%) were

	2009 £	2008 £
Capital losses	715,065	715,065

7. Investments

	Shares in subsidiary undertakings £	Shares in joint ventures and associates £	Total £
Cost			
At 1 January 2009	1,824,009	2,444,440	4,268,449
Disposals	(148)	-	(148)
At 31 December 2009	1,823,861	2,444,440	4,268,301
Provisions			
At 1 January and 31 December 2009	1,823,855	2,443,660	4,267,515
Net book value			
At 31 December 2009	6	780	786
At 31 December 2008	154	780	934

COSTAIN ENGINEERING & CONSTRUCTION (OVERSEAS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS continued
For the year ended 31 December 2009

8 Debtors

	2009	2008
	£	£
Amounts owing by fellow subsidiary undertakings	6,674,586	6,452,918

9. Cash at bank, monies on deposit and in hand

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

	2009	2008
	£	£
Amounts owing to fellow subsidiary undertakings	-	2
Taxation	-	75,836
	-	75,838

11 Provisions for liabilities and charges

	At beginning of year £	Provided £	Released £	At end of year £
Other provisions	250,000	-	10,651	239,349

Other provisions relate to the winding up of the overseas companies and are expected to be utilised over the next two years

12. Share capital

	2009 and 2008	
	Authorised £	Issued and fully paid £
Ordinary shares of £1 each	10,000,000	4,448,043

13. Reserves

	Share premium account £	Profit and loss account £
At 1 January 2009	1,331,358	348,613
Profit for the financial year	-	308,009
At 31 December 2009	1,331,358	656,622

14. Reconciliation of movement in shareholders' funds

	2009	2008
	£	£
Profit for the financial year	308,009	214,538
Opening equity shareholders' funds	6,128,014	5,913,476
Closing equity shareholders' funds	<u>6,436,023</u>	<u>6,128,014</u>

15. 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 2009, these liabilities amounted to £nil (2008: £nil).

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

16. Related parties transactions

The company received dividends from its interest in joint ventures and associates of £294,228 (2008: £Nil). Transactions with wholly owned subsidiaries of Costain Group PLC, the ultimate parent company, are exempt from disclosure under FRS 8 Related party disclosures.

17. Ultimate parent undertaking

The largest and the smallest group of undertakings for which group financial statements are drawn up is that of the ultimate parent undertaking, Costain Group PLC, a company registered in England and Wales.

Copies of the group financial statements of Costain Group PLC may be obtained from the registered office of the company, Costain House, Vanwall Business Park, Maidenhead, Berkshire SL6 4UB.

COSTAIN ENGINEERING & CONSTRUCTION (OVERSEAS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS continued
For the year ended 31 December 2009

18. Investment in subsidiary undertakings and participating interests

Subsidiary undertakings	Nature of Business	Percentage Interest	Country of Incorporation
Costain (Africa) Ltd	Holding Company	100	Zimbabwe
Costain Construction (Botswana) Pty Ltd	Construction	100	Botswana
Costain De Venezuela CA	Dormant	100	Venezuela
Costain Holdings (Botswana) Pty Ltd	Holding Company	100	Botswana
Costain Holdings (Malaysia) Sdn Bhd	Holding Company	100	Malaysia
Costain Housing Zimbabwe (Pvt) Ltd	Dormant	100	Zimbabwe
Costain (Malaysia) Sdn Bhd	Construction	100*	Malaysia
Costain Mining Zimbabwe (Pvt) Ltd	Dormant	100	Zimbabwe
Costain Oil, Gas & Process (Malaysia) Sdn Bhd	Inactive	100*	Malaysia
Costain Oil, Gas & Process (Nigeria) Ltd	Inactive	75	Nigeria
Costain Properties Zimbabwe (Pvt) Ltd	Dormant	100	Zimbabwe
Costain Zimbabwe (Pvt) Ltd	Construction	85*	Zimbabwe
South View Investments (Pvt) Ltd	Property	100*	Zimbabwe

Joint ventures

Baja Dolphin S de RL de CV	Service Company	50	Mexico
Budimex & Costain Sp z o o	Construction	50	Poland
China Harbour – Costain Mexico S de RL de CV	Civil Engineering	50	Mexico
Jalal Costain WLL	Construction	49	Bahrain
KP Contractors Ltd	Civil Engineering	50	Cyprus
Nesma Costain Process Co Ltd	Process Contracting	50	Saudi Arabia

All interests are ordinary shares

* Shares held by subsidiary undertakings