

COSTAIN CIVIL ENGINEERING LIMITED
(formerly COSTAIN OVERSEAS HOLDINGS LIMITED)

Registered Number: 2757907

FINANCIAL STATEMENTS
FOR THE YEAR ENDED

31 December 1999

KPMG Audit Plc
Chartered Accountants
Registered Auditor
GATWICK



COSTAIN CIVIL ENGINEERING LIMITED
(formerly COSTAIN OVERSEAS HOLDINGS LIMITED)

REPORT OF THE DIRECTORS

For the year ended 31 December 1999

BUSINESS REVIEW

The principal activity of the company is investment holding.

The company changed its name from Costain Overseas Holdings Ltd to Costain Civil Engineering Limited on the 24 June 1999.

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

YEAR 2000

The Company took part in the Costain Group Year 2000 Project. A programme was implemented under the Project to ensure Year 2000 compliance for all software, hardware and embedded systems in use within the Costain Group. This programme was successfully concluded prior to the 31 December 1999 and in consequence the Company did not experience any disruption of its business.

The incremental costs of achieving Year 2000 compliance in respect of the Group's software and hardware was absorbed by the Group's policy of continuous updating of software and hardware. The cost of additional resources directed specifically to the Year 2000 Project was absorbed within Group overheads.

DIRECTORS AND SHARE INTERESTS

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

	At 1.1.99	At 31.12.99
J A Armitt *		
J R Campbell *		
M D Hunter	a 779	779

a - Costain Group PLC ordinary shares of 10p each.

* - the interests of these directors in the shares of Costain Group Plc are disclosed in the accounts of that company.

COSTAIN CIVIL ENGINEERING LIMITED
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REPORT OF THE DIRECTORS

For the year ended 31 December 1999

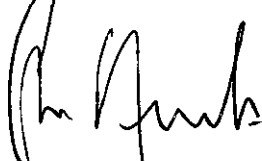
STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 and loss of the company 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BY ORDER OF THE BOARD



C L FRANKS
SECRETARY

REGISTERED OFFICE

Costain House, Nicholsons Walk
Maidenhead, Berkshire SL6 1LN

Date: 30 March 2000

COSTAIN CIVIL ENGINEERING LIMITED
(formerly COSTAIN OVERSEAS HOLDINGS LIMITED)

REPORT OF THE AUDITORS TO THE MEMBERS

For the year ended 31 December 1999

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

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, 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. 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 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

.....
KPMG Audit Plc
Chartered Accountants
Registered Auditor
GATWICK

.....
30 March 2000
Date

COSTAIN CIVIL ENGINEERING LIMITED
(formerly COSTAIN OVERSEAS HOLDINGS LIMITED)

PROFIT AND LOSS ACCOUNT

For the year end 31 December 1999

	Notes	1999 £	1998 £
Cost of sales		(36,720)	(70,186)
Gross loss		(36,720)	(70,186)
Profit on liquidation of subsidiary		250,611	-
Profit/(loss) on ordinary activities before taxation		213,891	(70,186)
Taxation	4	(33,347)	-
Profit/(loss) for the financial year		180,544	(70,186)

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

All operating profits/(losses) are attributable to continuing operations.

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

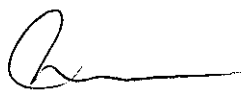
COSTAIN CIVIL ENGINEERING LIMITED
(formerly COSTAIN OVERSEAS HOLDINGS LIMITED)

BALANCE SHEET

As at 31 December 1999

	Notes	1999 £	1998 £
Fixed assets			
Investments	5	56,912	499,658
		<hr/>	<hr/>
Current assets			
Debtors	6	4,894,198	4,270,908
		<hr/>	<hr/>
Net assets		4,951,110	4,770,566
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	7	4,100,000	4,100,000
Profit and loss account	8	851,110	670,566
		<hr/>	<hr/>
Equity shareholders' funds	9	4,951,110	4,770,566
		<hr/>	<hr/>

The financial statements were approved by the Board of Directors on 30 March 2000
and were signed on its behalf by:



..... Director
J R Campbell

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

COSTAIN CIVIL ENGINEERING LIMITED
(formerly COSTAIN OVERSEAS HOLDINGS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

31 December 1999

1. Accounting policies

BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with applicable United Kingdom Accounting 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.

CASH FLOW STATEMENT

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

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

Profit/(loss) on ordinary activities before taxation is stated after charging:

	1999	1998
	£	£
Exchange losses	36,720	70,186
	<u> </u>	<u> </u>

3. Staff costs and remuneration of directors

No emoluments were paid to the directors of the company during the year (1998: £nil).
There were no staff employed during the year (1998: nil).

4. Taxation

	1999	1998
	£	£
UK corporation tax at 30.25% (1998: 31%)	9,258	-
Relief for overseas taxation	(9,258)	-
Overseas taxation	33,347	-
	<u> </u>	<u> </u>
	33,347	-
	<u> </u>	<u> </u>

COSTAIN CIVIL ENGINEERING LIMITED
(formerly COSTAIN OVERSEAS HOLDINGS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 1999

5. Investments

**Subsidiary
undertakings
£**

Cost

At 1 January 1999

1,582,746

Disposals

(442,746)

At 31 December 1999

1,140,000

Provisions

At 1 January 1999 and 31 December 1999

1,083,088

Net book value

At 31 December 1999

56,912

At 31 December 1998

499,658

Subsidiary undertakings

**Percentage of
share capital held**
100

**Principal
Activity**
Did not trade

Costain Developments SA

Costain Developments SA is incorporated in Spain. The holding is of ordinary shares.

COSTAIN CIVIL ENGINEERING LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 1999

6. Debtors			1999	1998
			£	£
Amounts falling due within one year:				
Amounts owed by parent company			4,894,198	4,270,908
			<u> </u>	<u> </u>
7. Share capital				
		1999	1998	
	Authorised	Issued	Authorised	Issued
	£	£	£	£
Ordinary shares of £1 each, called up and fully paid	4,100,000	4,100,000	4,100,000	4,100,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
8. Profit and loss account			£	
At 1 January 1999			670,566	
Profit for the financial year			180,544	
			<u> </u>	
At 31 December 1999			851,110	
			<u> </u>	
9. Reconciliation of movement in shareholders' funds			1999	1998
			£	£
Profit/(loss) for the financial year			180,544	(70,186)
Opening shareholders' funds			4,770,566	4,840,752
			<u> </u>	<u> </u>
Closing shareholders' funds			4,951,110	4,770,566
			<u> </u>	<u> </u>

COSTAIN CIVIL ENGINEERING LIMITED
(formerly COSTAIN OVERSEAS HOLDINGS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 1999

10. 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 of the ultimate parent company and amount to £10.7m (1998 £12.9m).

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

11. Ultimate parent company

The company's ultimate parent company is 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, Costain House, Nicholson's Walk, Maidenhead, Berks. SL6 1LN.

12. Group financial statements

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 for the ultimate parent company.

The financial statements present information about the company as an individual undertaking and not about its Group.

13. Related parties transactions

The company is exempt under Financial Reporting Standard No 8 (FRS 8) from the requirements to disclose related party transactions on the basis that it is a wholly owned subsidiary of the ultimate parent company, Costain Group PLC.