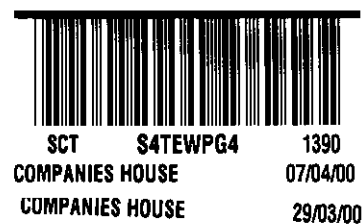


Contents

**Abbreviated accounts for
the period ended 31 March 1999**

**AH Ball & Company
Limited**

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AH Ball & Company Limited

Directors' report For the period ended 31 March 1999

The directors present their report and financial statements for the period ended 31 March 1999.

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 or 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;
- 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 to 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.

Directors

The following directors have held office since 1 June 1998:

P A Doyle	(Appointed 8 December 1999)
C P Davis	(Appointed 8 December 1999)
GN Clelland	(Appointed 8 December 1999)
G P Sivey	(Appointed 8 December 1999)
G Macdonald	(Appointed 1 June 1998)
WL Green	(Appointed 1 June 1998)
JJ Neville	(Appointed 1 June 1998 and resigned 8 December 1999)

Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 March 1999	1 June 1998
G Macdonald	-	-
WL Green	-	-
JJ Neville	-	-

The interests of the directors in the share capital of the holding company are shown in the Directors Report of that company.

AH Ball & Company Limited

Directors' report For the period ended 31 March 1999

Principal activities and review of the business

The company commenced trading on the 1st June 1998, the principal activity being that of civil engineering, primarily for the water industry, and other utility industries.

The company was incorporated on 14 May 1998, under the name of Binold Limited, upon the acquisition of the business from A H Ball & Company Limited. Following the acquisition, the company changed its name to A H Ball & Company Limited.

During October 1998, the company was acquired by Thistle Pipelines Limited.

The company concentrated its efforts during the year on existing and successful term contracts.

Client confidence has improved with the company's performance and this has enabled the conversion of existing term contract to extended partnering agreements.

Looking forward the future prospects of the business are good to include partnering with other Water companies.

Given that 75% of Thistle Pipelines Limited was acquired since the year end by John Mowlem & Company Plc, the opportunity to develop the business within a large organisation is excellent.

Results and dividends

The results for the period are set out on page 4.

Year 2000

The directors have considered whether the company's operations could be adversely affected by malfunctions in computer or other equipment arising from errors in processing dates in the year 2000 and beyond.

No part of the company's current operations are critically dependent on computer or other equipment which could be affected by year 2000 problems.

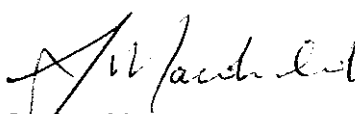
Post balance sheet events

As of January 2000 the ultimate parent company is John Mowlem & Company Plc, who bought 75% of the share capital of Thistle Pipelines Ltd.

Auditors

Mazars Neville Russell were appointed auditors to the company and a resolution to re-appoint them as auditors will be proposed at the forthcoming annual general meeting.

Approved by the board on 23 March 2000
and signed on its behalf by


G Macdonald
Director

AH Ball & Company Limited

Auditors' report to AH Ball & Company Limited Under section 247B of the Companies Act 1985

We have examined the abbreviated accounts set out on pages 4 to 15, together with the financial statements of the company for the period ended 31 March 1999 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

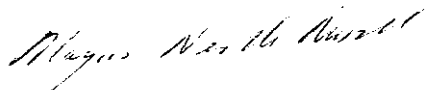
The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of opinion

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated accounts on pages 4 to 15 are properly prepared in accordance with those provisions.



MAZARS NEVILLE RUSSELL
CHARTERED ACCOUNTANTS
and Registered Auditors
90 St Vincent Street
Glasgow
G2 5UB
23 March 2000

AH Ball & Company Limited

Abbreviated profit and loss account For the period ended 31 March 1999


		Period ended 31 March 1999 £
	Notes	
Gross profit		904,818
Administrative expenses		(687,257)
Operating profit	3	217,561
Interest payable and similar charges	4	(22,853)
Profit on ordinary activities before taxation		194,708
Tax on profit on ordinary activities	7	-
Profit on ordinary activities after taxation	14	194,708

AH Ball & Company Limited

Balance sheet As at 31 March 1999

	Notes	£	£
Fixed assets			
Tangible assets	8		104,803
Current assets			
Stocks	9	137,753	
Debtors	10	1,118,988	
Cash at bank and in hand		153,669	
		<u>1,410,410</u>	
Creditors: amounts falling due within one year	11	<u>(1,212,277)</u>	
Net current assets			<u>198,133</u>
Total assets less current liabilities			<u>302,936</u>
Creditors: amounts falling due after more than one year	12		<u>(8,228)</u>
			<u>294,708</u>
Capital and reserves			
Share capital	13		100,000
Profit and loss account	14		<u>194,708</u>
Shareholders' funds - equity interests	15		<u>294,708</u>

THE ACCOUNTS ARE PREPARED IN ACCORDANCE WITH THE SPECIAL
PROVISIONS OF PART VII OF THE COMPANIES ACT 1985 RELATING TO
Approved by the Board on 23 March 2000 MEDIUM COMPANIES
and signed on its behalf by


G Macdonald
Director

AH Ball & Company Limited

Cash flow statement For the period ended 31 March 1999

	Notes	£
Net cash outflow from operating activities	16	(31,827)
Returns on investments and servicing of finance		
Interest paid		<u>(22,853)</u>
Net cash outflow for returns on investments and servicing of finance		(22,853)
Capital expenditure		
Payments to acquire tangible assets		(190,182)
Receipts from sales of tangible assets		<u>750</u>
Net cash inflow/(outflow) for capital expenditure		(189,432)
Net cash outflow before management of liquid resources and financing		<u>(244,112)</u>
Financing		
Issue of ordinary share capital		100,000
Capital element of hire purchase contracts		<u>(1,646)</u>
Net cash inflow/(outflow) from financing		98,354
Increase/(decrease) in cash in the period	17	<u><u>(145,758)</u></u>

AH Ball & Company Limited

Notes to the abbreviated accounts For the period ended 31 March 1999

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Turnover

Turnover represents the amounts invoiced, excluding value added tax, in respect of the sale of goods and services to customers.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	25% straight line
Fixtures, fittings & equipment	25% straight line
Motor vehicles	25% straight line

1.4 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.5 Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value.

1.6 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the period in accordance with SSAP 24.

1.7 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

2 Turnover

The total turnover of the company for the period has been derived from its principal activity wholly undertaken in the United Kingdom.

AH Ball & Company Limited

Notes to the abbreviated accounts For the period ended 31 March 1999

3	Operating profit	1999
		£
	Operating profit is stated after charging:	
	Depreciation of tangible assets	99,357
	Operating lease rentals	
	- Plant and machinery	374,914
	Auditors' remuneration	6,750
		<u> </u>
4	Interest payable	1999
		£
	On bank loans and overdrafts	17,121
	On other loans wholly repayable within 5 years	5,366
	Hire purchase interest	366
		<u> </u>
		<u>22,853</u>
5	Employees	
	Number of employees	
	The average monthly number of employees (including directors) during the period was:	
		1999
		Number
	Office & management	19
	Site operations	79
		<u> </u>
		98
		<u> </u>
	Employment costs	
		£
	Wages and salaries	2,157,795
	Social security costs	199,151
	Other pension costs	19,927
		<u> </u>
		<u>2,376,873</u>

AH Ball & Company Limited

Notes to the abbreviated accounts For the period ended 31 March 1999

6	Directors' emoluments	1999
		£
	Emoluments for qualifying services	45,227
	Company pension contributions to money purchase schemes	3,917
		<hr/>
		49,144
		<hr/>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (1998 - 0).

7 Taxation

The company has no tax charge due to losses carried forward.

AH Ball & Company Limited

Notes to the abbreviated accounts For the period ended 31 March 1999

8 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 June 1998	385,563	51,516	14,500	451,579
Additions	-	5,179	16,431	21,610
Disposals	-	-	(2,000)	(2,000)
	<u>385,563</u>	<u>56,695</u>	<u>28,931</u>	<u>471,189</u>
At 31 March 1999	385,563	56,695	28,931	471,189
Depreciation				
At 1 June 1998	234,889	26,959	6,348	268,196
On disposals	-	-	(1,167)	(1,167)
Charge for the period	85,029	10,063	4,265	99,357
	<u>319,918</u>	<u>37,022</u>	<u>9,446</u>	<u>366,386</u>
At 31 March 1999	319,918	37,022	9,446	366,386
Net book value				
At 31 March 1999	<u>65,645</u>	<u>19,673</u>	<u>19,485</u>	<u>104,803</u>

Included above are assets held under finance leases or hire purchase contracts as follows:

	Motor vehicles
	£
Net book values	
At 31 March 1999	<u>15,062</u>
Depreciation charge for the period	
31 March 1999	<u>1,369</u>

9 Stocks and work in progress

	1999 £
Work in progress	24,000
Finished goods and goods for resale	<u>113,753</u>
	<u>137,753</u>

AH Ball & Company Limited

Notes to the abbreviated accounts For the period ended 31 March 1999

10 Debtors	1999 £
Trade debtors	1,049,798
Other debtors	26,682
Prepayments and accrued income	42,508
	<u>1,118,988</u>

11 Creditors: amounts falling due within one year	1999 £
Bank loans and overdrafts	299,427
Net obligations under finance lease and hire purchase contracts	4,937
Trade creditors	317,969
Amounts owed to parent and fellow subsidiary undertakings	263,243
Taxes and social security costs	69,094
Directors' current accounts	41,365
Other creditors	90,650
Accruals and deferred income	125,592
	<u>1,212,277</u>

The bank overdraft is secured by a floating charge over all the assets. There are cross guarantees between Thistle Pipelines Limited and City Special Waste Limited, along with group facility letters. A key man insurance policy over the life of Gordon Macdonald, for a minimum of £150,000, has also been assigned to the bank.

12 Creditors: amounts falling due after more than one year	1999 £
Net obligations under finance leases and hire purchase agreements	<u>8,228</u>

The amounts falling due for net obligations under finance leases and hire purchase contracts are fully repayable within five years.

AH Ball & Company Limited

Notes to the abbreviated accounts For the period ended 31 March 1999

13 Share capital	1999
	£
Authorised	
200,000 Ordinary shares of £ 1 each	200,000
	<u> </u>
Allotted, called up and fully paid	
100,000 Ordinary shares of £ 1 each	100,000
	<u> </u>
During the period, 100,000 ordinary shares of £1 each were issued at par to provide additional working capital.	
14 Statement of movements on profit and loss account	
	Profit and loss account
	£
Retained profit for the period	194,708
	<u> </u>
15 Reconciliation of movements in shareholders' funds	1999
	£
Profit for the financial period	194,708
Proceeds from issue of shares	100,000
	<u> </u>
Net addition to shareholders' funds	294,708
Opening shareholders' funds	-
	<u> </u>
Closing shareholders' funds	294,708
	<u> </u>

AH Ball & Company Limited

Notes to the abbreviated accounts For the period ended 31 March 1999

16 Reconciliation of operating profit to net cash outflow from operating activities	1999
	£
Operating profit/(loss)	217,561
Depreciation of tangible assets	99,357
Loss on disposal of tangible assets	83
(Increase)/decrease in stocks	(137,753)
Increase in debtors	(1,118,988)
Increase in creditors within one year	907,913
Net cash outflow from operating activities	<u>(31,827)</u>

17 Analysis of net debt	1 April 1998	Cash flow	31 March 1999
	£	£	£
Net cash:			
Cash at bank and in hand	-	153,669	153,669
Bank overdrafts	-	(299,427)	(299,427)
	<u>-</u>	<u>(145,758)</u>	<u>(145,758)</u>
Debt:			
Finance leases	-	(13,165)	(13,165)
Net debt	<u>-</u>	<u>(158,923)</u>	<u>(158,923)</u>

18 Reconciliation of net cash flow to movement in net debt	1999
	£
Decrease in cash in the period	(145,758)
Cash inflow from increase in debt and lease financing	(13,165)
Movement in net debt in the period	<u>(158,923)</u>
Closing net debt	<u>(158,923)</u>

19 Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost represents contributions payable by the company to the fund and amounted to £3,917.

AH Ball & Company Limited

Notes to the abbreviated accounts For the period ended 31 March 1999

20 Financial commitments

At 31 March 1999 the company had annual commitments under non-cancellable operating leases as follows:

	1999 £
Expiry date:	
Within one year	73,467
Between two and five years	168,425
	<hr/>
	241,892
	<hr/>

21 Contingent liabilities

The company has guaranteed the bank borrowings of City Special Waste Limited and Thistle Pipelines Limited. At the balance sheet date, the guaranteed bank borrowings amounted to £560,000.

AH Ball & Company Limited

Notes to the abbreviated accounts For the period ended 31 March 1999

22 Related party transactions

The company conducted business on normal commercial terms with the following related parties:

Company	Relationship
City Special Waste Limited	Fellow subsidiary
A H Ball & Company Limited	Fellow subsidiary
M&N Plant Limited	Common control

Amounts due from related parties at the balance sheet date were:

	1999	1998
	£	£
City Special Waste Limited	8,000	226,000

Amounts due to related parties at the balance sheet date were:

	1999	1998
	£	£
City Special Waste Limited	3,400	-
A H Ball & Company Limited	263,243	-
M&N Plant Limited	-	7,973

The company purchased/(sold) goods and services to the following related parties during the year:

	1999	1998
	£	£
City Special Waste Limited	3,400	(226,000)
A H Ball & Company Limited	263,243	-
M&N Plant Limited	-	18,336

During the year M&N Plant Limited provided payroll services to the company at arms length.