

Registered Company No: 3576132

Laing Hyder Plc (formerly Cyberstage Plc)

**Report & Accounts
for the 7 months from incorporation to
31 December 1998**

Registered address:

P O Box 295
Alexandra Gate
Rover Way
Cardiff
CF2 2UE



Directors' report and financial statements for the 7 month period ended 31 December 1998

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Directors & Advisers

Directors

The directors of the Company are shown in the Directors' Report on Page 2.

Company Secretary and Registered Office:

RG Curtis } Joint Secretaries
A Dunbar }

PO Box 295
Alexandra Gate
Rover Way
Cardiff
CF2 2UE

Auditor

KPMG Audit Plc

Solicitors

Wilde Sapte

Principal bankers

National Westminster Bank Plc

Financial advisors

Macquarie Bank

Report of the directors for the 7 months ended 31 December 1998

The directors submit their report together with financial statements for the period from incorporation to 31 December 1998.

The Company was incorporated on 4 June 1998 as Cyberstage Plc and changed its name to Laing Hyder Plc on 3 September 1998.

Principal trading activities and business review

The principal activity of the Group is to invest in PFI Accommodation Projects in the public sector in the UK, with the intention of developing a portfolio of investments. During the first 7 months of operations Laing Hyder tendered and negotiated a £25m school project up to preferred bidder stage with a provisional investment commitment of £1.5m.

In addition, Laing Hyder has submitted tenders for two police accommodation projects having a combined value of approximately £110m. These projects entail a further potential investment of £11m.

Subsequent to the financial year end negotiations with the London Borough of Enfield to construct a 1290 place secondary school were concluded satisfactorily.

In addition conditional agreements have been put in place to transfer Laing Investments Limited's interests in the National Physical Laboratory and Joint Services Staff College to the Laing Hyder Group.

There was no profit or loss for the period.

The directors do not recommend the payment of a dividend.

Directors

The following directors held office during the period:

N Jones	-	Appointed 28/7/1998	
A Ewer	-	Appointed 28/7/1998	
R Weston	-	Appointed 30/9/1998	
C Martin	-	Appointed 30/9/1998	
Sevenside Nominees Limited	-	Appointed 4/6/1998	Resigned 28/7/1998

Report of the directors for the 7 months ended 31 December 1998 (continued)

Directors' Interests

No director has, or has held at any time during the year, any interest in the share capital of the Company.

No director has a service contract with or receives any remuneration from the Company. No director has, or has had during the period, any personal interest in any significant or material contract with the Company.

Policy on Payment of Creditors

It is policy to comply with the payment terms agreed with suppliers. Where payment terms are not negotiated the company endeavours to adhere with the suppliers standard terms. The company has no trade creditors at the year end, accordingly, no average payment period is disclosed.

Share Capital

Details of the authorised and issued share capital are shown on page 13.

Corporate Governance & Directors' Responsibilities

The Board is responsible to the shareholders for all aspects of the Company's performance and meets on a regular basis to review the strategic direction of the Company and Group and to monitor performance against an approved business plan and budget.

The directors are required by UK Company law to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the Company and Group as at the end of the financial period and of the profit or loss of the Company and Group for the period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the period ended 31 December 1998. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis.

Report of the directors for the 7 months ended 31 December 1998 (continued)

The directors are also responsible for keeping proper accounting records and for safeguarding the assets of the Company and Group to enable them to ensure that the financial statements of the Company and Group comply with the Companies Act 1985 and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

All directors have access to the advice and services of the Joint Company Secretaries, who are responsible for ensuring that Board procedures and all applicable rules and regulations are observed and, where appropriate, to external advisers.

Year 2000

There is currently wide spread concern about the risk of computers and equipment malfunctioning as a consequence of the millennium date change. The directors have recognised the risk and have instigated a review in order to minimise the risk to the company and group. The review includes the company's own computers and the possibility of the company's business partners encountering problems.

Given the complexity of the issue it is not possible to guarantee that no Year 2000 problems will arise. The directors however believe that the cost of rectifying any problems will be immaterial and will be met out of existing budgets

Contributions for Charitable & Political Purposes

The Group made no political or charitable donations during the period.

Auditor

KPMG Audit Plc were appointed as first auditor to the Company. In accordance with Section 385 of the Companies Act 1985 a resolution to reappoint KPMG Audit Plc as Auditor will be proposed at the AGM.

By Order of the Board



**J Whittington
Director**

6 April 1999

Report of the auditor to the members of Laing Hyder Plc

We have audited the financial statements on pages 6 to 14.

Respective responsibilities of directors and auditor

As described on pages 3 to 4 the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We have 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 and Group'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 and Group's affairs at 31 December 1998 and of the result and cash flows of the Group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit plc
Chartered Accountants
Registered Auditor
Marlborough House
Fitzalan Court
Fitzalan Road
Cardiff CF2 1TE

8 April 1999

Principal accounting policies

The financial statements have been prepared in accordance with Accounting Standards applicable in the United Kingdom and comply with the Companies Act 1985. A summary of the principal accounting policies, which have been consistently applied, is shown below.

Basis of accounting

These financial statements have been prepared in accordance with the historical cost convention.

Basis of consolidation

The Group financial statements comprise a consolidation of the financial statements of Laing Hyder plc and its subsidiary undertakings. The financial statements of each company in the Group are prepared to 31 December.

Other Income

Other income comprises fees charged to shareholders to cover ongoing tender costs. These fees are recognised on an accruals basis.

Consolidated Profit and Loss Account for the 7 Months Ended 31 December 1998

	Note	7 months ended 31 December 1998 £'000
Net operating costs	2 - 4	(1,117)
Other income	5	1,117
Operating profit		<hr/> -
Profit on ordinary activities before and after taxation being retained profit for the period.		<hr/> -
	6	<hr/>

All gains and losses are recognised in the profit and loss account.

All items in the profit and loss account relate to continuing operations.

Balance sheets

As at 31 December 1998

	Note	Group 31 December 1998 £'000	Company 31 December 1998 £'000
Fixed assets			
Investments	7	-	-
Current assets			
Debtors	8	1,154	37
Cash at bank and in hand		13	13
		<u>1,167</u>	<u>50</u>
Current liabilities			
Creditors: amounts falling due within one year	9	(1,117)	-
		<u></u>	<u></u>
Net current assets		<u>50</u>	<u>50</u>
Total Assets Less Current Liabilities		<u>50</u>	<u>50</u>
Net assets		<u>50</u>	<u>50</u>
Capital and reserves			
Called up Share Capital	11	50	50
Reserves	10	-	-
Equity shareholders' funds	10	<u>50</u>	<u>50</u>

The financial statements on pages 6 to 14 were approved by the Board of Directors on 6 April 1999 and were signed on its behalf by:


J Whittington
Director

Consolidated Cash Flow Statement for the 7 months ended 31 December 1998

	Note	1998 £'000
Net cash (outflow)/inflow from operating activities		-
Returns on investments and servicing of financing:		-
Investing activities:		-
		<hr/>
Net cash (outflow)/inflow before financing		-
Financing:		
Issue of ordinary share capital		13
Increase in cash and cash equivalents	12	<hr/> 13 <hr/>

The group had no debt at the start or end of the period.

Notes to the financial statements for the 7 months ended 31 December 1998

1. Company profit & loss account

As permitted by section 230 of the Companies Act 1985, the profit and loss account of the Company has not been included in the financial statements. The profit after taxation dealt with in the financial statements of the company was nil.

2. Net operating costs

**7 months ended
31 December
1998
£'000**

**Profit on ordinary activities before taxation is
stated after charging :**

Auditor's remuneration for:

Audit services	2
Other services	-

Fees paid by the company to the auditor were £1,000.

3. Emoluments of directors

The Directors did not receive any remuneration during the period.

4. Staff numbers & costs

The company had no employees during the period.

5. Other operating income

Other income comprises fees charged to shareholders to cover ongoing tender costs.

6. Taxation

The company made neither a profit nor a loss during the period, hence there is no taxation charge.

**Notes to the financial statements
for the 7 months ended 31 December 1998
(continued)**

7. Fixed asset investments

Company

Interests in Group Undertakings: 31 December 1998
£

Cost

At 4 June 1998 -

Additions 2

At 31 December 1998 2

The principal subsidiary undertakings are:

	Shareholding	Nature of Business
Laing Hyder Management Services Limited	100%	Provision of Management Services to the Laing Hyder Group
Laing Hyder Worlds End Lane School Limited	100%	Special purpose company to fulfil obligations under PFI contract

Group investments are nil.

8. Debtors

	Group 31 December 1998 £'000	Company 31 December 1998 £'000
Due within one year:		
Called up share capital not paid	37	37
Amounts due from shareholders	1,117	-
	<u>1,154</u>	<u>37</u>

**Notes to the financial statements
for the 7 months ended 31 December 1998
(continued)**

9. Creditors

	Group 31 December 1998 £'000	Company 31 December 1998 £'000
Amounts falling due within one year		
Amounts due to shareholders	1,117	-
	<u>1,117</u>	<u>-</u>

10. Reconciliation of movements in Shareholders' Funds

	Share capital £'000	Profit and loss account £'000	Total shareholders' funds £'000
Profit/loss for the financial period	-	-	-
New share capital subscribed	50	-	50
Net movement in shareholders' funds	<u>50</u>	<u>-</u>	<u>50</u>
Shareholders' funds at incorporation	-	-	-
Closing shareholders' funds at 31 December 1998	<u>50</u>	<u>-</u>	<u>50</u>

**Notes to the financial statements
for the 7 months ended 31 December 1998
(continued)**

11. Share capital

	Authorised		Allotted, Issued & Partly Paid (see note 8)	
	No.	£'000	No.	£'000
Ordinary shares of £1	15,000,000	15,000	50,000	50

All share capital was allotted during the period.

12. Analysis of cash & cash equivalents during the period

	31 December 1998 £'000
Increase in cash and cash equivalents during the period	13
Cash and cash equivalents at start of period	-
Cash and cash equivalents at end of period	<u>13</u>

13. Company status

The Company is owned by Hyder Investments Limited (50%) and John Laing Investments Limited (50%).

Notes to the financial statements for the 7 months ended 31 December 1998 (continued)

14. Related party transactions

The directors consider the material transactions undertaken by the company during the period with parties related to the group were as follows :

Name of Party	Relationship	Nature of Transaction	Transaction Amount £'000	Amount due (to)/from related party at 31 December 1998 £'000
Laing Investments Limited	Shareholder	Cost recharge	509	149
Hyder Investments Limited	Shareholder	Cost recharge	608	148
Laing Investments Limited	Shareholder	Tender Fees Receivable	559	149
Hyder Investments Limited	Shareholder	Tender Fees Receivable	558	148

There were no provisions at 31 December 1998 in respect of amounts due to or from related parties and no amounts were written off in the period in respect of transactions with related parties.

15. Post balance sheet events

On 25th February the tender for Worlds End Lane School was concluded satisfactorily. The investment will be recognised in the financial statements for the period ended 31 December 1999. Further details are provided in the Directors' Report on pages 2-4.