

COSTAIN INTERNATIONAL LIMITED

REGISTERED NUMBER: 563275

STATEMENT OF ACCOUNTS

FOR THE YEAR ENDED

31 DECEMBER 2000

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



COSTAIN INTERNATIONAL LIMITED
REPORT OF THE DIRECTORS
For the year ended 31 December 2000

BUSINESS REVIEW

The company continued to carry out its principal activity of civil engineering in Saudi Arabia.

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

DIRECTORS AND SHARE INTERESTS

Directors who held office during the year and their disclosable interests in shares, according to the register of directors interests were as follows:

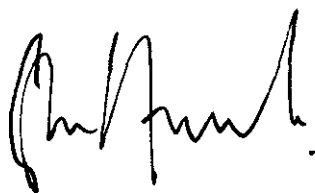
		At 1.1.00	At 31.12.00
P R Adams		-	-
J A Armitt*			
M W Roberts*	(appointed 02.06.00)		
J D Bevan	a	528	528
R K J Bruce	a	289	289
A J Handford	a	374	374
R J N Pope	a	35	35

J R Campbell* (resigned 02.06.00)

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.

BY ORDER OF THE BOARD



C L FRANKS
SECRETARY

REGISTERED OFFICE

Costain House, Nicholson's Walk
Maidenhead, Berkshire SL6 1LN

Date: 29 March 2001

COSTAIN INTERNATIONAL LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
For the year ended 31 December 2000

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;
- 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.

REPORT OF THE AUDITORS TO THE MEMBERS OF

COSTAIN INTERNATIONAL LIMITED

We have audited the financial statements on pages 4 to 10.

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 2000 and of its profit 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

..... *29 April 2001*
Date

COSTAIN INTERNATIONAL LIMITED
PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2000

	Notes	2000 £	1999 £
Turnover	1	(59,818)	1,912,760
Cost of sales		345,354	(1,675,648)
		<hr/>	<hr/>
Gross profit		285,536	237,112
Administrative expenses		(44,561)	(218,834)
		<hr/>	<hr/>
Operating profit	2	240,975	18,278
Interest receivable - external		12,158	25,514
		<hr/>	<hr/>
Profit on ordinary activities before taxation		253,133	43,792
Taxation	5	(74,151)	-
		<hr/>	<hr/>
<u>Profit for the financial year</u>		<u>178,982</u>	<u>43,792</u>

There were no recognised gains nor losses other than the profit for the year and preceding year.


The above results are all derived from continuing operations.

THE NOTES ON PAGES 6 TO 10 FORM PART OF THESE ACCOUNTS.

COSTAIN INTERNATIONAL LIMITED
BALANCE SHEET
As at 31 December 2000

		2000 £	1999 £
<u>Current assets</u>			
Debtors	6	5,942,273	5,939,809
Cash at bank		80,829	529,509
		<hr/>	<hr/>
		6,023,102	6,469,318
<u>Creditors: amounts falling due within one year</u>			
Other creditors	7	(884,379)	(1,509,577)
		<hr/>	<hr/>
<u>Net current assets</u>		5,138,723	4,959,741
		<hr/>	<hr/>
<u>Net assets</u>		5,138,723	4,959,741
		<hr/>	<hr/>
<u>Capital and reserves</u>			
Called up share capital	8	1,800,100	1,800,100
Profit and loss account	10	3,338,623	3,159,641
		<hr/>	<hr/>
<u>Equity shareholders' funds</u>	9	5,138,723	4,959,741
		<hr/>	<hr/>

The financial statements were approved by the Board of Directors on 29 March 2001
and were signed on its behalf by:


.....Director
P R Adams

THE NOTES ON PAGES 6 TO 10 FORM PART OF THESE ACCOUNTS

COSTAIN INTERNATIONAL LIMITED
NOTES TO THE ACCOUNTS
For the year ended 31 December 2000

1. Accounting Policies

BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards and under the historical cost convention.

TURNOVER

Turnover represents the value of work carried out during the year on long term contracts. All turnover and profit is derived from civil engineering works in Saudi Arabia.

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 the profit on ordinary activities. Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction.

TAXATION

Deferred taxation is provided at the latest relevant rates in respect of all timing differences which, in the opinion of the directors, are expected to reverse in the foreseeable future.

LONG TERM CONTRACTS

Amounts recoverable on long term contracts represent the excess of the value of work carried out over cumulative payments on account. Long term contracts are valued at cost plus attributable profit earned to date less provision for foreseeable losses.

PENSIONS

The company participates, on a defined contributions basis, in a pension scheme for the benefit of its seconded employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The cost of pensions, in respect of the pension scheme in which the company participates, is charged to the profit and loss account and is equal to the contributions payable in the accounting period.

CASH FLOW STATEMENT

As the cash flow statement in the consolidated accounts of the ultimate parent company, Costain Group PLC, complies with the conditions of Financial Reporting Standard revised (FRS 1), the company is exempt under FRS 1 from the requirement to prepare a separate cash flow statement.

COSTAIN INTERNATIONAL LIMITED
NOTES TO THE ACCOUNTS
For the year ended 31 December 2000

2. Profit on ordinary activities before taxation

	2000 £	1999 £
Profit on ordinary activities is stated after charging/(crediting):		
Hire of plant and machinery	-	58,469
Auditors' remuneration: - audit	2,628	5,761
Exchange movements on foreign currency	9,370	(93,433)

3. Staff costs

The average number of staff seconded from a group undertaking who worked for the company during the year in the United Kingdom and overseas was NIL and 2 respectively (1999: NIL and 20).

The aggregate payroll costs of these persons were as follows:

	2000 £	1999 £
Wages and salaries	50,298	556,544
Social security costs	-	-
Pension costs	-	18,187
	<hr/>	<hr/>
	50,298	574,731
	<hr/>	<hr/>

The company incurs pension costs in respect of employees seconded from a group undertaking on a defined contributions basis. These seconded employees participate in the Costain Group's UK defined benefit pension scheme, which provides benefits based on final pensionable salary; details of this scheme are included in the accounts of Costain Group PLC.

The cost for the period of contributions to this scheme is included in the analysis above. There are no outstanding or prepaid contributions at the balance sheet date.

COSTAIN INTERNATIONAL LIMITED
NOTES TO THE ACCOUNTS
For the year ended 31 December 2000

4. Remuneration of Directors

No emoluments were paid to directors of the company during the year (1999: £Nil).

5. Taxation

	2000 £	1999 £
On profits for the year:		
United Kingdom corporation tax at 30% (1999 30.25%)	74,151	-
	<hr/>	<hr/>

6. Debtors

	2000 £	1999 £
Amount recoverable on completed contracts	-	51,170
Amounts recoverable on long term contracts	-	1,069,585
Amounts owing by group undertakings	5,937,941	4,696,424
Other debtors	4,332	120,945
Prepayments and accrued income	-	1,685
	<hr/>	<hr/>
	5,942,273	5,939,809
	<hr/>	<hr/>

7. Creditors: Amounts falling due within one year

	2000 £	1999 £
Trade creditors	-	327,308
Other creditors	250	1,503
Amounts owing to group undertakings	797,630	461,017
Corporation tax	74,151	-
Accruals and deferred income	12,348	719,749
	<hr/>	<hr/>
	884,379	1,509,577
	<hr/>	<hr/>

COSTAIN INTERNATIONAL LIMITED
NOTES TO THE ACCOUNTS
For the year ended 31 December 2000

8. Share capital

	2000		1999	
	Authorised £	Issued £	Authorised £	Issued £
Ordinary shares of £1 each, allotted, called up and fully paid	1,800,100	1,800,100	1,800,100	1,800,100

9. Reconciliation of movements in shareholders' funds

	2000 £	1999 £
Profit for the financial year	178,982	43,792
Opening shareholders' funds	4,959,741	4,915,949
Closing shareholders' funds	5,138,723	4,959,741

10. Profit and loss account

	£
At 1 January 2000	3,159,641
Profit for the financial year	178,982
At 31 December 2000	3,338,623

11. 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 accounts of the ultimate parent company and amount to £4.6m (1999 £10.7m).

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

COSTAIN INTERNATIONAL LIMITED
NOTES TO THE ACCOUNTS
For the year ended 31 December 2000

12. Related party transactions

The company is exempt under Financial Reporting Standard 8 (FRS 8) from the requirement 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.

13. Ultimate parent company

The largest and the smallest group of undertakings for which group accounts are drawn up is that of the ultimate parent company, 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.