

COSTAIN ALCAIDESA LIMITED

Registered Number: 2042076

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 December 2000

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



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COSTAIN ALCAIDESA LIMITED

REPORT OF THE DIRECTORS

For the year ended 31 December 2000

BUSINESS REVIEW

The company continued to carry out its principal activity of investment holding.

During the year no money was invested in Alcaidesa Holding SA and no further provisions against the investment in that company were necessary.

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

DIRECTORS AND SHARE INTERESTS

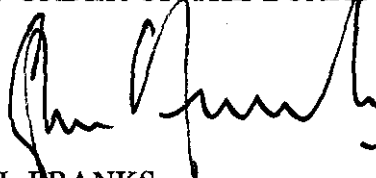
Directors who held office during the year and their disclosable interests in shares, as recorded in the register of directors' interests:

		At 1.1.00	At 31.12.00
J A Armitt*			
M W Roberts*	(appointed 02.06.00)		
M F Burdes	a	460	460
J R Campbell*	(resigned 02.06.00)		

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

* - The interests of the 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, Nicholsons Walk
Maidenhead, Berkshire SL6 1LN

Date: 29 March 2001

COSTAIN ALCAIDESA 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.

COSTAIN ALCAIDESA LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS

For the year ended 31 December 2000

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 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

.....
27 March 2001
Date

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

	Notes	2000 £	1999 £
Release of provision/(provision) against investment in joint venture		1,928,663	(158,663)
Interest receivable and similar income	2	(2,804)	(133,684)
Profit/(loss) on ordinary activities before taxation		1,925,859	(292,347)
Taxation	4	-	(20,827)
Profit/(loss) for the financial year	8	1,925,859	(313,174)

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

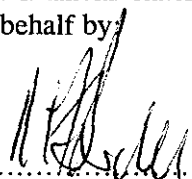
All profits and losses are attributable to continuing operations.

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

COSTAIN ALCAIDESA LIMITED**BALANCE SHEET****As at 31 December 2000**

	Notes	2000 £	1999 £
Fixed assets			
Investments	5	5,428,002	3,495,014
		<hr/>	<hr/>
Creditors: amounts falling due within one year	6	(5,301,668)	(5,294,539)
		<hr/>	<hr/>
Net current liabilities		(5,301,668)	(5,294,539)
		<hr/>	<hr/>
Net assets/(liabilities)		126,334	(1,799,525)
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	7	32,500,000	32,500,000
Profit and loss account	8	(32,373,666)	(34,299,525)
		<hr/>	<hr/>
Equity shareholders' funds/(deficit)	9	126,334	(1,799,525)
		<hr/>	<hr/>

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


..... Director
M F Burdes

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

COSTAIN ALCAIDESA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2000

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.

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), the company is exempt under FRS 1 from the requirements to prepare a separate cash flow statement.

2. Interest receivable and similar income

	2000	1999
	£	£
Exchange loss	(2,804)	(133,684)
	<hr/>	<hr/>

3. Staff costs and remuneration of directors

No emoluments were paid to the directors of the company during the year (1999: £nil).
There were no staff employed during the year (1999: nil).

COSTAIN ALCAIDESA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2000

4. Taxation

	2000 £	1999 £
On loss for the year:		
Corporation tax	-	(20,827)
	<u> </u>	<u> </u>
	-	(20,827)
	<u> </u>	<u> </u>

5. Investments

	Loans to Joint Venture £	Joint Venture £	Total £
Cost			
At 1 January 2000	2,364,168	33,559,509	35,923,677
Currency realignment	4,325	-	4,325
Reclassification	235,989	(235,989)	-
	<u> </u>	<u> </u>	<u> </u>
At 31 December 2000	2,604,482	33,323,520	35,928,002
	<u> </u>	<u> </u>	<u> </u>
Provisions			
At 1 January 2000	-	(32,428,663)	(32,428,663)
Released in year		1,928,663	1,928,663
	<u> </u>	<u> </u>	<u> </u>
At 31 December 2000	-	(30,500,000)	(30,500,000)
	<u> </u>	<u> </u>	<u> </u>
Net book value			
At 31 December 2000	2,604,482	2,823,520	5,428,002
	<u> </u>	<u> </u>	<u> </u>
At 31 December 1999	2,364,168	1,130,846	3,495,014
	<u> </u>	<u> </u>	<u> </u>
Investment in joint ventures			

The company owns 50% of the issued share capital of Alcaidesa Holding SA, a residential development company incorporated in Spain. The aggregate amount of the capital and reserves of the joint venture at the year end is £16.5m (1999: £15.9m). The directors believe that this amount is not all recoverable. The joint venture undertaking made a profit during the year of £1.5m (1999: £0.1m).

COSTAIN ALCAIDESA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2000

6. Creditors: amounts falling due within one year

	2000	1999
	£	£
Amounts owed to group undertakings	5,280,841	5,273,712
Taxation	20,827	20,827
	<hr/>	<hr/>
	5,301,668	5,294,539
	<hr/>	<hr/>

7. Share capital

	2000		1999	
	Authorised	Issued	Authorised	Issued
	£	£	£	£
Ordinary shares of £1 each, called up and fully paid	35,000,000	32,500,000	35,000,000	32,500,000
	<hr/>	<hr/>	<hr/>	<hr/>

8. Profit and loss account

	£
Deficit at 1 January 2000	(34,299,525)
Profit for the financial year	1,925,859
	<hr/>
Deficit at 31 December 2000	(32,373,666)
	<hr/>

9. Reconciliation of movement in shareholders' funds/(deficit)

	2000	1999
	£	£
Profit/(loss) for the financial year	1,925,859	(313,174)
Opening shareholders' deficit	(1,799,525)	(1,486,351)
	<hr/>	<hr/>
Closing shareholders' funds/(deficit)	126,334	(1,799,525)
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COSTAIN ALCAIDESA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2000

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 £4.6m (1999 £10.7m).

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

The company's bankers have the right to set-off the company's bank balance when in credit against borrowings by Richard Costain Limited.

11. Related parties transactions

The company is exempt under Financial Reporting Standard No 8 (FRS 8) from the requirements 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.

12. Ultimate parent company

The company's ultimate parent company is Costain Group PLC, a company registered in England and Wales. A copy of the consolidated financial statements of Costain Group PLC may be obtained from the registered office of Costain Group PLC, Costain House, Nicholsons Walk, Maidenhead, Berkshire. SL6 1LN.