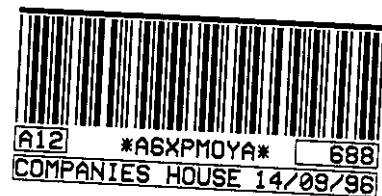


HAIGH & RINGROSE LIMITED

REGISTERED NUMBER : 465462

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 1995



KPMG
Chartered Accountants
Registered Auditors
MANCHESTER

HAIGH & RINGROSE LIMITED

REPORT OF THE DIRECTORS

For the year ended 31 December 1995

BUSINESS REVIEW

The company continued to fulfil its obligations relating to its principal activities of electrical and instrumentation installation. No further work is being sought and the company will terminate its operating activities following completion of its present commitments.

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

DIRECTORS

Directors who held office at the end of the year:

A.C. Lovell - (appointed 26.9.95)

J.R. Campbell

W. Gerretsen - resigned 26.9.95

Directors' liability indemnity cover is maintained by the ultimate parent company, Costain Group PLC.

BY ORDER OF THE BOARD



B.W. RACE
SECRETARY

REGISTERED OFFICE

111 Westminster Bridge Road
London SE1 7UE

Date: **20 AUG 1996**

HAIGH & RINGROSE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

For the year ended 31 December 1995

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. The directors are required to ensure that those financial statements are based on suitable accounting policies consistently applied, are prepared on the going concern basis and are supported by judgements and estimates that are reasonable and prudent, and identify and explain any material departures from applicable accounting standards.

The directors are also responsible for keeping proper accounting records and they have general responsibility for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE AUDITORS, KPMG, TO THE MEMBERS OF
HAIGH & RINGROSE LIMITED

We have audited the financial statements on pages 4 to 11.

Respective responsibilities of directors and auditors

As described on page 2 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, of those statements and to report our opinion to you.

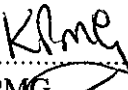
Basis of opinion

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 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


.....
KPMG
Chartered Accountants
Registered Auditors
Manchester

20 August 1996
Date

HAIGH & RINGROSE LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 1995

	Notes	1995 £	1994 £
Turnover	2	52,547	2,105
Cost of sales		(26,413)	164,151
		<hr/>	<hr/>
Operating profit		26,134	166,256
Interest payable	4	(2,160)	(166,256)
		<hr/>	<hr/>
<u>Profit on ordinary activities before taxation</u>	3	23,974	-
Tax on profit on ordinary activities	6	34,567	62,433
		<hr/>	<hr/>
<u>Profit for the financial year</u>		58,541	62,433
		<hr/>	<hr/>

Movements on reserves are set out in note 11

There were no recognised gains nor losses other than the loss for the year and prior year.

THE NOTES ON PAGES 6 TO 11 FORM PART OF THESE ACCOUNTS

HAIGH & RINGROSE LIMITED

BALANCE SHEET

As at 31 December 1995

	Notes	1995 £	1994 £
<u>Current assets</u>			
Debtors	7	88,725	90,447
<u>Current liabilities</u>			
Creditors: amounts falling due within one year			
Borrowings	8	65,741	1,490,332
Other creditors	9	2,592,194	1,227,866
		<u>2,657,935</u>	<u>2,718,198</u>
<u>Net liabilities</u>		<u>(2,569,210)</u>	<u>(2,627,751)</u>
<u>Capital and reserves</u>			
Called up share capital	10	4,000,000	4,000,000
Profit and loss account	11	(6,569,210)	(6,627,751)
		<u>(2,569,210)</u>	<u>(2,627,751)</u>

The financial statements were approved by the Board of Directors on **20 AUG 1996** and were signed on its behalf by:-


J R Campbell - Director

THE NOTES ON PAGES 6 TO 11 FORM PART OF THESE ACCOUNTS

NOTES ON THE ACCOUNTS

As at 31 December 1995

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.

Following a decision by the company to terminate its operating activities on completion of its present commitments, these financial statements have been prepared on a break-up basis. Adjustments have been made to reduce the value of assets to their recoverable amounts, to provide for all known liabilities to closure and to re-classify fixed assets and long term liabilities as current assets and liabilities.

The company's parent will continue to provide financial support in order for the company to meet its obligations.

TURNOVER

Turnover represents increases in valuation of contracts, including amounts applicable to contracts completed in prior years.

INTEREST

Interest is written off to profit and loss account as incurred.

LEASE ASSETS

The annual rentals in respect of operating leases are charged to the profit and loss account.

CASHFLOW STATEMENT

As the cashflow statement in the consolidated accounts of the ultimate parent company Costain Group PLC, complies with the conditions of Financial Reporting Standard No. 1 ("FRS 1"), and as the company was a wholly owned subsidiary of Costain Group PLC throughout the year, the company is exempt under FRS 1 from the requirement to prepare a separate cashflow statement.

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.

HAIGH & RINGROSE LIMITED

NOTES ON THE ACCOUNTS continued

As at 31 December 1995

2. Turnover

Geographical analysis:

	1995 £	1994 £
United Kingdom & Europe	52,547	2,105

3. Profit on ordinary activities before taxation

The company's operating income and expenses are derived from ordinary activities all of which are continuing. Profit on ordinary activities is after charging/(crediting):

	1995 £	1994 £
Hire of plant and machinery	-	200
Rent of buildings	2,230	10,096
Auditors' remuneration	500	500

4. Interest payable

	1995 £	1994 £
On amounts due to group undertakings	2,160	166,256

5. Remuneration of directors

The emoluments, excluding pension scheme contributions of directors (including the Chairman and highest paid directors) whose duties are wholly or mainly discharged in the United Kingdom were within the following ranges.

	1995	1994
Directors	No.	No.
Nil - £ 5,000	2	2

The emoluments, excluding pension contributions, of the Chairman during 1995 amounted to nil (1994 - nil) and those of the highest paid director were nil (1994 - nil).

HAIGH & RINGROSE LIMITED

NOTES ON THE ACCOUNTS continued

As at 31 December 1995

6. <u>Taxation</u>	1995	1994
	£	£
On profit for the year:		
Group relief	(19,071)	(62,433)
Adjustment in respect of prior years:		
Group relief	(15,496)	-
Taxation on ordinary activities	<u>(34,567)</u>	<u>(62,433)</u>

7. <u>Debtors</u>	1995	1994
	£	£
Amounts falling due within one year:		
Amounts recoverable on long term contracts	-	27,453
Amounts owed by group undertakings	54,158	-
Other debtors	34,567	62,994
	<u>88,725</u>	<u>90,447</u>

8. <u>Borrowings</u>	1995	1994
	£	£
Bank overdraft		
Short term:		
Due within one year	65,741	1,490,332
	<u>65,741</u>	<u>1,490,332</u>

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

9. <u>Other Creditors</u>	1995	1994
	£	£
Trade creditors	500	30,823
Amounts owed to group undertakings	2,591,694	1,106,212
Other creditors and social security	-	9,066
Accruals and deferred income	-	81,765
	<u>2,592,194</u>	<u>1,227,866</u>

HAIGH & RINGROSE LIMITED

NOTES ON THE ACCOUNTS continued

As at 31 December 1995

10. Share capital

	1995		1994	
	£	£	£	£
	<u>Authorised</u>	<u>Issued</u>	<u>Authorised</u>	<u>Issued</u>
Ordinary shares of 10p each, fully paid	4,000,000	4,000,000	4,000,000	4,000,000

11. Reserves

	<u>Profit and Loss Account</u> £
Loss at 1 January 1995	(6,627,751)
Retained profit for the year	58,541
Loss at 31 December 1995	<u>(6,569,210)</u>

12. Reconciliation of movements in shareholders' funds

	1995	1994
	£	£
Profit for the financial year	58,541	62,433
Opening shareholders' funds	(2,627,751)	(2,690,184)
Closing shareholders' funds	<u>(2,569,210)</u>	<u>(2,627,751)</u>

13. 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 and amount to £26.2m (1994 £17.7m) and US\$169.8m (1994 US\$206.0m).

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

14. Other financial commitments

Annual commitments under non-cancellable operating leases comprise:

	Land and Buildings	
	1995 £	1994 £
Leases Expiring -		
Within one year	-	-
Between 2 and 5 years	-	8,920
After 5 years	-	-
	-	8,920
	-	8,920

15. Ultimate parent company

The largest group of undertakings for which group accounts are drawn up is that of the ultimate holding company, Costain Group PLC, a company registered in England and Wales.

The smallest group of undertakings for which group accounts are drawn up is that of the intermediate holding company, Costain Engineering & Construction Limited, a company registered in England and Wales.

Copies of the Group accounts of Costain Group PLC and Costain Engineering & Construction Limited may be obtained from the registered offices of these two companies, 111 Westminster Bridge Road, London, SE1 7UE.