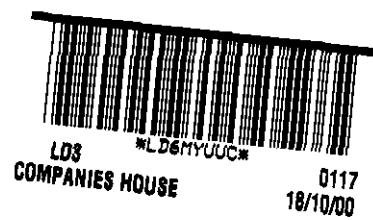


Report and Accounts

Higgs & Hill Overseas Limited

31 December 1999



Higgs & Hill Overseas Limited

Registered No. 785092

DIRECTORS

D Langbroek
N Dirkswager
C J Klap

SECRETARY

D J Wilson

AUDITORS

Ernst & Young
Becket House
1 Lambeth Palace Road
London SE1 7EU

REGISTERED OFFICE

Merit House
Edgware Road
Colindale
London NW9 5AF

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 1999.

RESULTS AND DIVIDENDS

The profit for the year is set out in the profit and loss account on page 5.

The directors do not recommend the payment of a dividend (1998 £nil).

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The company is engaged in building construction operations worldwide with branches and subsidiaries throughout the Caribbean, Middle East and Eastern Europe.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year ended 31 December 1999 were as follows:

D Langbroek

N Dirkswager

C J Klap

The directors at the year end held no interest in the share capital of any group undertaking.

YEAR 2000

An HBG Construction project team identified critical areas throughout the UK group which needed to be Year 2000 compliant. Group systems, which are based in The Netherlands, were also reviewed by an HBG n.v. team to ensure Year 2000 compliance. Where necessary, a programme of hardware, and software replacement was actioned to minimise the likelihood of serious problems. The additional cost of implementing the action plans was not considered material.

Consideration was also given to the impact on the business of Year 2000 problems at our major suppliers and customers. Where appropriate, we have communicated with these other parties.

Since 1 January 2000, the Group has not encountered any major Year 2000 problems. However, given the complexity of the problem, it is not possible for any organisation to guarantee that no such problems will occur.

AUDITORS

Pursuant to section 386 of the Companies Act 1985, the company has elected to dispense with the obligation to appoint auditors annually.

On behalf of the board

Secretary

Director

13 OCT 2000

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts 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 accounts, 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 applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 accounts 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 Higgs & Hill Overseas Limited.

We have audited the accounts on pages 5 to 11, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the accounts in accordance with applicable UK law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the UK by statute, the Auditing Practices Board and by our profession's ethical guidance.

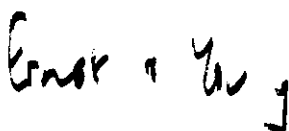
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Registered Auditor
London



PROFIT AND LOSS ACCOUNT
for the year ended 31 December 1999

	<i>Notes</i>	1999 £	1998 £
Turnover	2	2,562,545	3,709,939
Cost of sales		(2,581,138)	(3,612,355)
Gross (loss)/profit		(18,593)	97,584
Administration expenses		(152,776)	(210,279)
Operating Loss		(171,369)	(112,695)
Interest receivable	6	6,607	28,101
Exceptional item	7	100,000	250,000
(Loss)/profit on ordinary activities before taxation	3	(64,762)	165,406
Tax on (loss)/profit on ordinary activities	8	312,922	(52,372)
Retained Profit for the year		248,160	113,034

Statement of Total Recognised Gains and Losses

Profit for the financial year	248,160	113,034
Foreign currency translation	52,824	(23,766)
Total recognised gains and losses for the year	300,984	89,268

BALANCE SHEET
at 31 December 1999

	Notes	1999 £	1998 £
Fixed Assets			
Investments	9	<u>272,544</u>	<u>273,972</u>
Current Assets			
Debtors	10	1,068,215	8,642,246
Cash at bank and in hand		<u>178,001</u>	<u>339,537</u>
		1,246,216	8,981,783
Creditors: amounts falling due within one year	11	<u>(4,730,371)</u>	<u>(12,768,350)</u>
Net Current Liabilities		<u>(3,484,155)</u>	<u>(3,786,567)</u>
Net Liabilities		<u>(3,211,611)</u>	<u>(3,512,595)</u>
Capital and Reserves			
Share capital	12	1,000	1,000
Profit and loss account	13	<u>(3,212,611)</u>	<u>(3,513,595)</u>
	13	<u>(3,211,611)</u>	<u>(3,512,595)</u>

Director


13 OCT 2000

NOTES TO THE ACCOUNTS
at 31 December 1999

1 ACCOUNTING POLICIES

Basis of preparation

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

The accounts indicate that the company has a deficiency of net assets and is dependent upon financial support for the continuation of its operations. The parent undertaking has confirmed its intention to provide financial support to enable the company to continue its operations for the foreseeable future and accordingly the accounts have been drawn up on the going concern basis.

Group accounts

Group accounts are not produced as the company is a wholly owned subsidiary of Hollandsche Beton Groep n.v., a company incorporated in The Netherlands, which prepares and files group accounts which incorporate the activities of Higgs & Hill Overseas Limited and its subsidiaries.

Investments

Fixed asset investments are stated at historic cost.

Long-term contracts

Contract work in progress is valued at total costs incurred, net of amounts transferred to the profit and loss account in respect of work carried out to date, less foreseeable losses and applicable payments on account. The resultant balance is included in debtors as 'amounts recoverable on contracts'. No credit is taken in respect of contract claims until legal entitlement has been established and agreed. Provision is made in full for any anticipated losses on current contracts. For any contracts where receipts exceed the book value of work done, the excess is included in creditors as payments on account.

Turnover

Turnover, which is stated net of VAT, represents the value of work done in the year including estimates of amounts not invoiced and adjustments relating to prior years which have been agreed during the year.

Related parties

Advantage has been taken of the exemption in FRS 8, not to disclose details of transactions between wholly owned group undertakings.

Foreign Currency Translation

Assets and liabilities of overseas branches are translated into sterling at rates of exchange ruling at the balance sheet date. Trading income and expenditure are converted at average rates prevailing during the accounting period. Any differences on exchange arising are dealt with through reserves.

2 TURNOVER

The company's turnover and loss before taxation arises solely from its construction activities, and relate to continuing activities.

3 (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Auditors' remuneration is borne by another group undertaking and disclosed within that company's published accounts.

NOTES TO THE ACCOUNTS
at 31 December 1999

4 DIRECTORS' EMOLUMENTS

Total emoluments (including pension contributions) paid to the directors of Higgs & Hill Overseas Limited for their services as directors of the company were £nil (1998 £nil).

5 STAFF COSTS

a The aggregate payroll costs were as follows:

	1999 £	1998 £
Wages and salaries	111,414	182,218
Social security costs	9,679	14,697
	<u>121,093</u>	<u>196,915</u>

b The average number of persons employed by the company during the year, including directors, was as follows:

Office and management	4	4
Production and sales	1	3
	<u>5</u>	<u>7</u>

6 INTEREST RECEIVABLE

	1999 £	1998 £
Bank	<u>6,607</u>	<u>28,101</u>

7 EXCEPTIONAL ITEM

	1999 £	1998 £
Release in respect of the fundamental reorganisation of the group.	<u>100,000</u>	<u>250,000</u>

8 TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	1999 £	1998 £
Prior Year Group Relief	305,233	-
Overseas Taxation	<u>7,689</u>	<u>(52,372)</u>
	<u>312,922</u>	<u>(52,372)</u>

NOTES TO THE ACCOUNTS at 31 December 1999

9 INVESTMENTS

Subsidiary/Associate Undertakings

	1999 Sub £	1999 Assoc £	1999 Total £	1998 Total £
Net assets:				
At 1 January	252,216	21,756	273,972	269,109
Exchange differences	(272)	(50)	(322)	4,863
Disposal	-	(1,106)	(1,106)	-
At 31 December	251,944	20,600	272,544	273,972

The following are wholly owned subsidiary undertakings of the company:

Incorporated in England and Wales

Wick Investments Limited
Higgs & Hill Prague Limited
Higgs & Hill Caribbean Limited

Nature of business

Dormant
Dormant
Building and construction

Incorporated in Bermuda

Higgs & Hill International Limited

Building and construction

Incorporated in Jamaica

Higgs & Hill Jamaica Limited

Dormant

Incorporated in St Kitts

Higgs & Hill St Kitts Limited

Dormant

Incorporated in Czech Republic

Higgs & Hill Czech Spol sro
(formerly Higgs & Hill Czechoslovakia Spol sro)

Building and construction

The following are associated undertakings of the company:

Thailand - 50% shareholding

Higgs & Hill Stancon Company Limited

Dormant

Finland - 50% Shareholding

Sato Higgs & Hill Oy - Disposed of during 1999

NOTES TO THE ACCOUNTS
at 31 December 1999

10 DEBTORS

	1999 £	1998 £
Amounts recoverable on contracts	-	7,426,658
Trade debtors	719,021	1,139,149
Prepayments and accrued income	40,515	25,250
Taxation	305,233	-
Other debtors	3,446	51,189
	<u>1,068,215</u>	<u>8,642,246</u>

11 CREDITORS: amounts falling due within one year

	1999 £	1998 £
Payments received on account	-	8,147,828
Trade creditors	628,696	815,699
Amounts due to group companies	3,751,527	3,471,493
Group relief payable	29,790	12,312
Accruals	320,358	321,018
	<u>4,730,371</u>	<u>12,768,350</u>

12 SHARE CAPITAL

	1999 £	1998 £
Authorised, allotted, called up and fully paid 1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

NOTES TO THE ACCOUNTS
at 31 December 1999

13 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS IN RESERVES

	Share capital 1999 £	Profit and loss account 1999 £	Total share- holders' funds 1999 £	Total share- holders' funds 1998 £
At 1 January	1,000	(3,513,595)	(3,512,595)	(3,601,863)
Profit for the financial year		248,160	248,160	113,034
Foreign currency translation	-	52,824	52,824	(23,766)
At 31 December	<u>1,000</u>	<u>(3,212,611)</u>	<u>(3,211,611)</u>	<u>(3,512,595)</u>

14 CONTINGENT LIABILITIES

There are contingent liabilities in respect of performance bonds and supplier guarantees given in the normal course of business.

15 CASH FLOW STATEMENT

As the company is a wholly owned subsidiary of Hollandsche Beton Groep n.v., a company registered in the EC, which prepares consolidated financial statements, the company has taken advantage of the exemption provided under FRS 1 (Revised) not to prepare a Cash Flow Statement.

16 ULTIMATE PARENT UNDERTAKING

The company's immediate parent undertaking is Hollandsche Beton Groep (UK) Limited. The ultimate parent undertaking is Hollandsche Beton Groep n.v., a company incorporated in The Netherlands. The group accounts of the ultimate parent undertaking (the largest and smallest group of which the company is a member and for which group accounts are prepared) are available from this company's registered office.