Company Registration No. 2287521 (England and Wales)

SOLETANCHE LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2000



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COMPANIES HOUSE
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17/10/01

Jeffreys Henry
Finsgate, 5-7 Cranwood Street
London
EC1V 9EE

SOLETANCHE LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Auditors' report	3
Profit and loss account	4
Balance sheet	5
Cash flow statement	6
Notes to the cash flow statement	7
Notes to the financial statements	8 - 14

SOLETANCHE LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2000

The directors present their report and financial statements for the year ended 31 December 2000.

Principal activities and review of the business
The company's principal activity during the year remained that of underground civil engineering.

The directors consider the results for the year to be satisfactory.

On the 1 January 2001 the business and business assets of Soletanche Limited were transfered to Bachy Soletanche Limited a fellow subsidiary undertaking.

Results and dividends
The results for the year are set out on page 4.

The directors do not recommend payment of an ordinary dividend.

The Euro
The directors do not consider that the introduction of the Euro will have any significant impact on the company.

Directors
The following directors have held office since 1 January 2000:

Y L H Benoit	
M J Bocquentin	
P Webster	
D. E. Sherwood	
J Lamoure	
D.J. Corke	
P B Runacher	
B. Laco	(Appointed 1 January 2000)
J. L. Proust	(Appointed 1 January 2000)

Directors' interests
The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 December 2000	1 January 2000
Y L H Benoit	-	-
M J Bocquentin	-	-
P Webster	-	-
D. E. Sherwood	-	-
J Lamoure	-	-
D.J. Corke	-	-
P B Runacher	-	-
B. Laco	-	-
J. L. Proust	-	-

SOLETANCHE LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2000

Creditor payment policy

The company's current policy concerning the payment of trade creditors is to:
- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

On average, trade creditors at the year end represented 120 (1999 - 128) days' purchases.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Jeffreys Henry be reappointed as auditors of the company will be put to the Annual General Meeting.

Directors' responsibilities

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 applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to 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.

On behalf of the board

P Webster

Director

20 October 2000

SOLETANCHE LIMITED

AUDITORS' REPORT
TO THE SHAREHOLDERS OF SOLETANCHE LIMITED

We have audited the financial statements on pages 4 to 14 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 9.

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, on 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 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Jeffreys Henry

2.10.01

Chartered Accountants
Registered Auditor

Finsgate, 5-7 Cranwood Street
London
EC1V 9EE

SOLETANCHE LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2000

	Notes		2000 £		1999 £
Turnover	2				
Continuing operations		-		13,535,813	
Discontinued activities		10,697,707		-	
			10,697,707		13,535,813
Cost of sales			(5,497,052)		(10,911,939)
Gross profit			5,200,655		2,623,874
Administrative expenses			(149,468)		(385,085)
Operating profit	4				
Continuing operations		-		2,238,789	
Discontinued activities		5,051,187		-	
			5,051,187		2,238,789
Interest payable and similar charges	5		(49,818)		(276,752)
Profit on ordinary activities before taxation			5,001,369		1,962,037
Tax on profit on ordinary activities	6		-		-
Profit on ordinary activities after taxation	12		5,001,369		1,962,037

There are no recognised gains and losses other than those passing through the profit and loss account.

SOLETANCHE LIMITED

BALANCE SHEET
AS AT 31 DECEMBER 2000

	Notes	2000 £	2000 £	1999 £	1999 £
Fixed assets					
Tangible assets	7		-		35,505
Current assets					
Debtors	8	4,892,826		6,497,263	
Cash at bank and in hand		2,315,567		1,020,094	
		7,208,393		7,517,357	
Creditors: amounts falling due within one year	9	(9,584,819)		(14,708,310)	
Net current liabilities			(2,376,426)		(7,190,953)
Total assets less current liabilities			(2,376,426)		(7,155,448)
Creditors: amounts falling due after more than one year	10		-		(222,347)
			(2,376,426)		(7,377,795)
Capital and reserves					
Called up share capital	11		2,000,000		2,000,000
Profit and loss account	12		(4,376,426)		(9,377,795)
Shareholders' funds - equity interests	13		(2,376,426)		(7,377,795)

The financial statements were approved by the Board on 2 October 2001

P Webster
Director

SOLETANCHE LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2000

		2000 £		1999 £
Net cash inflow from operating activities		2,366,769		5,413,445
Returns on investments and servicing of finance				
Interest paid	(49,820)		(276,752)	
Net cash outflow for returns on investments and servicing of finance		(49,820)		(276,752)
Capital expenditure				
Payments to acquire tangible assets	-		(1,576)	
Receipts from sales of tangible assets	72,500		-	
Net cash inflow/(outflow) for capital expenditure		72,500		(1,576)
Net cash inflow before management of liquid resources and financing		2,389,449		5,135,117
Increase in cash in the year		2,389,449		5,135,117

SOLETANCHE LIMITED

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2000

1 Reconciliation of operating profit to net cash inflow from operating activities

	2000	1999
	£	£
Operating profit	5,051,187	2,238,789
Profit on disposal of tangible assets	(36,988)	-
Decrease in stocks	-	12,000
Decrease in debtors	1,604,437	3,805,260
Decrease in creditors within one year	(4,029,515)	(564,979)
Decrease in creditors due after more than one year	(222,352)	(77,625)
Net cash inflow from operating activities	2,366,769	5,413,445

2 Analysis of net funds/(debt)

	1 January 2000	Cash flow	Other non-cash changes	31 December 2000
	£	£	£	£
Net cash:				
Cash at bank and in hand	1,020,094	1,295,473	-	2,315,567
Bank overdrafts	(1,093,976)	1,093,976	-	-
	(73,882)	2,389,449	-	2,315,567
Net (debt)/funds	(73,882)	2,389,449	-	2,315,567

3 Reconciliation of net cash flow to movement in net debt

	2000	1999
	£	£
Increase in cash in the year	2,389,449	5,135,117
Opening net debt	(73,882)	(5,208,999)
Closing net funds/(debt)	2,315,567	(73,882)

SOLETANCHE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2000

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Freehold	Straight line over twenty years
Plant and machinery	15% to 100% Straight line
Fixtures, fittings & equipment	25-33.3% Straight line
Computer equipment	25-33.3% Straight line

1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Long term contracts

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account.

1.7 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with SSAP 24.

1.8 Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors' consider that a liability to taxation is unlikely to crystallise.

1.9 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.10 Joint Ventures

Joint Ventures are accounted for in the company's profit and loss account by recording the company's share of turnover and related operating profit, and, in the balance sheet, the company's share under each appropriate balance sheet caption.

.11 Transfer of Business

On 1 January 2001 Soletanche Limited's business and business assets were transfered to Bachy

Soletanche Limited a fellow subidiary undertaking.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Cost of sales and net operating expenses

	2000			1999		
	Continuing	Discontinued	Total	Continuing	Discontinued	Total
	£	£	£	£	£	£
Cost of sales	-	5,497,052	5,497,052	10,911,939	-	10,911,939
Administrative expenses	-	149,468	149,468	385,085	-	385,085
	-	5,646,520	5,646,520	11,297,024	-	11,297,024

4 Operating profit

	2000	1999
	£	£
Operating profit is stated after charging:		
Operating lease rentals	39,745	45,072
Auditors' remuneration	15,000	15,000

5 Interest payable

	2000	1999
	£	£
On bank loans and overdrafts	49,818	276,752

6 Taxation

No provision for taxation is required as there are losses brought forward.

7 Tangible fixed assets

	Land and buildings Freehold	Plant and machinery	Fixtures, fittings & equipment	Computer equipment	Total
	£	£	£	£	£
Cost					
At 1 January 2000	50,000	212,844	59,414	97,160	419,418
Disposals	(50,000)	(212,844)	(59,414)	(97,160)	(419,418)
At 31 December 2000	-	-	-	-	-
Depreciation					
At 1 January 2000	16,072	212,843	59,414	95,584	383,913
On disposals	(16,072)	(212,843)	(59,414)	(95,584)	(383,913)
At 31 December 2000	-	-	-	-	-
Net book value					
At 31 December 2000	-	-	-	-	-
At 31 December 1999	33,928	1	-	1,576	35,505

8 Debtors

	2000	1999
	£	£
Trade debtors	2,108,445	2,742,571
Amounts due from group undertaking	2,704,523	3,129,693
Other debtors	79,858	624,999
	4,892,826	6,497,263

9 Creditors: amounts falling due within one year

	2000	1999
	£	£
Bank loans and overdrafts	-	1,093,976
Trade creditors	3,544,886	6,124,099
Amounts owed to group undertaking	5,059,334	5,276,973
Taxes and social security costs	788,108	1,261,211
Other creditors	5,581	575,969
Accruals and deferred income	186,910	376,082
	9,584,819	14,708,310

The bank loans and overdrafts are secured by a guarantee given by the Parent Company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2000

10 Creditors: amounts falling due after more than one year

	2000	1999
	£	£
Trade Creditors	-	222,347

11 Share capital

	2000	1999
	£	£
Authorised		
2,000,000 Ordinary shares of £ 1 each	2,000,000	2,000,000
Allotted, called up and fully paid		
2,000,000 Ordinary shares of £ 1 each	2,000,000	2,000,000

12 Statement of movements on profit and loss account

	Profit and loss account
	£
Balance at 1 January 2000	(9,377,795)
Retained profit for the year	5,001,369
Balance at 31 December 2000	(4,376,426)

13 Reconciliation of movements in shareholders' funds

	2000	1999
	£	£
Profit for the financial year	5,001,369	1,962,037
Opening shareholders' funds	(7,377,795)	(9,339,832)
Closing shareholders' funds	(2,376,426)	(7,377,795)

14 Financial commitments

At 31 December 2000 the company had annual commitments under non-cancellable operating leases as follows:

	2000	1999
	£	£
Expiry date:		
Within one year	-	28,425

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2000

15 Directors' emoluments

	2000	1999
	£	£
Fees paid	-	44,446

16 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2000	1999
	Number	Number
Office and management	9	9
Direct labour	5	5
	14	14

Employment costs

	£	£
Wages and salaries	618,309	600,379
Social security costs	72,742	64,535
Other pension costs	36,372	57,784
	727,423	722,698

17 Control

The company regards Soletanche Bachy S.A., a company incorporated in France, as its ultimate parent company.

18 Interests in Joint Ventures

The share of Joint Venture assets, liabilities, turnover and operating profit in the company's account are as follows:

	2000	1999
	£	£
Fixed Assets	-	35,508
Contract debtors	1,559,616	1,814,975
Cash at bank and in hand	2,197,575	923,930
	3,757,191	2,774,413
Trade creditors and Joint Venture Partner advances	(6,311,410)	(8,006,139)
Total net liabilities	(2,554,219)	(5,231,726)
Turnover	6,138,206	9,226,316
Operating profit/ (loss)	2,726,450	3,238,757

Particulars of principle Joint Ventures

Name of Joint Ventures	Principle place of business	Interest in capital
Aoki:Soletanche Jubilee Line 103	S. E. London	50%
Aoki:Soletanche Jubilee Line 105	S. E. London	50%
Carillion:Soletanche Joint Venture (Formerly Tarmac:Soletanche Joint Venture)	S. Wales	50%

The above undertakings are managed jointly through management boards on which the company and the other Joint Ventures are represented in accordance with the respective interests held in the Joint Ventures.

19 Related party transactions

The company has taken advantage of the exemptions conferred by Financial Reporting Standard No 8 from the requirement to make disclosures concerning related parties in respect of transactions with its parent company.

However, the company entered into transactions with other related parties during the year as shown below:

Aoki-Soletanche Joint Venture 105 recharged overheads expenses of £2,439 (1999 - £9,302) to Soletanche Limited.

Contract expenses of £3,683 (1999 - £377,287) were recharged to Aoki-Soletanche Joint Venture 105 by Soletanche Limited.

Aoki-Soletanche Joint Venture 103 recharged overheads expenses of £NIL (1999 - £6,513) to Soletanche Limited.

Contract expenses of £357,933 (1999 - £969,291) were recharged to Aoki-Soletanche Joint Venture 103 by Soletanche Limited.

Balances due from/(to) related parties at the year end were as follows:

	ASJV 103	ASJV 105	Carillion - Soletanche
Sales ledger balances	11,253	433	38,401
Purchase ledger balances	(9,983)	(8,373)	-
Loan receivable	(652,059)	-	2,835,000
Contract retention	82,950	-	-
Subcontracted work accrued	-	-	19,000
	(567,839)	(7,940)	2,892,401
1999	1,482,924	(199,000)	2,912,401