LAING

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The Chairman's Statement and Operating Review can be found in the 2001 Annual Report and Summary Financial Statements. Copies can be obtained from our Registered Office at 133 Page Street, london NW7 2ER or viewed on our website at www.laing.com

Financial Review

The Group reported a loss before tax for the year ended 31 December 2001 of £24.7 million (2000 – profit £5.7 million).

	2001 Continuing £ million	2001 Discontinued £ million	2001 Total £ million	2000 £ million
Turnover	**842.4**	**546.8**	**1,389.2**	1,574.4
Operating loss including joint ventures and associates	**84.5**	**(94.5)**	**(10.0)**	(17.6)
Profit on disposal of and amounts written off investments and other fixed assets	**51.2**	**–**	**51.2**	29.3
Loss on disposal of operations	**–**	**(33.6)**	**(33.6)**	–
Profit before interest	**135.7**	**(128.1)**	**7.6**	11.7
Net interest			**(32.3)**	(6.0)
(Loss)/profit before tax			**(24.7)**	5.7

DISCONTINUED BUSINESS

On 22 October 2001 the Group sold its interest in Laing Construction plc for a consideration of £1.

The accounts for the year ended 31 December 2001 include trading losses of £94.5 million in Laing Construction for the period prior to the sale of the business. The net assets of Laing Construction amounted to £26.8 million and the costs of the sale amounted to £4.7 million. Goodwill previously written off to reserves was £2.1 million, giving rise to a loss on sale of £33.6 million. The total Construction loss of £128.1 million is shown in the results of discontinued businesses.

The trading loss in Laing Construction of £94.5 million is stated after making provision for the Directors' assessment of likely costs associated with an indemnity provided to the purchaser on retained contract liabilities. At 31 December 2001 the provision in the accounts amounted to £57.0 million.

CONTINUING BUSINESSES

The continuing businesses at 31 December 2001 comprised Laing Homes, Laing Investments and Laing Property.

The results of the continuing businesses are summarised in the table below. The comparatives for 2000 exclude the construction businesses.

	2001 £ million	2000 £ million
OPERATING PROFIT		
Homes	**59.6**	64.3
Investments	**31.6**	(0.5)
Property	**6.6**	12.1
Group management/general	**(13.3)**	(4.3)
	84.5	71.6
PROFIT ON DISPOSAL OF AND AMOUNT WRITTEN OFF INVESTMENTS AND OTHER FIXED ASSETS		
Homes	**(3.5)**	–
Investments	**51.6**	27.9
Property	**3.1**	1.1
	51.2	29.0
PROFIT BEFORE INTEREST	**135.7**	100.6

During the second half of 2001 the Group sold its 15% interest in Europistas. The profit on sale amounted to £48.0 million (2000 – £17.3 million) and capital repayments received ahead of the sale amounted to £6.4 million (2000 – £10.5 million). The total profits from Europistas are included within Continuing Businesses under the heading of 'Profit on disposal of and amounts written off investments and other fixed assets'.

Financial Review

CONTINUING BUSINESSES (continued)

The results of companies acquired are included within continuing businesses. Acquisitions during the year to 31 December 2001 included the Hyder Investments portfolio in January and a 50% interest in the PFI project company for the Queen Elizabeth II Hospital, Greenwich.

The acquired businesses contributed operating profits of £24.1 million to the 2001 result.

The purchase consideration paid for the Hyder Investments portfolio was £92.5 million and the assets acquired included cash balances of £33.1 million, resulting in a net expansion of the Group's infrastructure portfolio of £59.4 million. As part of this purchase, the Group took on commitments to pay a further £43.7 million of deferred equity to project companies over a four year period to 2005. During the period to 31 December 2001 an amount of £10.1 million of this deferred equity was settled by the Group. Subsequent to the acquisition of Hyder Investments, the Group sold a 22.5% interest in the A55 PFI road project for £3.2 million and a 22.5% interest in the M40 PFI road project for £8.9 million, thereby reducing its interest to 50% in both projects.

The purchase consideration paid for a 50% interest in the Queen Elizabeth II Hospital, Greenwich, amounted to £12.8 million.

The Directors valuation of Hyder investments assets acquired including the deferred equity payments following the acquisition, was £92.5 million.

Group management costs for the year ended 31 December 2001 included exceptional refinancing costs of £6.7 million for the restructuring of the Group's debt facilities and £2.0 million provision for redundancies and other costs associated with reducing the scale of the head office function.

FINANCING COSTS

The Group's net interest charge for the year ended 31 December 2001 was £32.3 million (2000 – £6.0 million) and consists of three elements:

i) ***Group interest (net)*** ***2001 – £16.5 million*** *2000 – £1.5 million*

Group interest includes charges on core bank facilities and US$110 million Loan Notes, and credits on sterling deposits. UK base rates fell during 2001 through successive rate reductions to 4.0%. Up until the restructuring of the Group's finances which, commenced in July 2001, the margin payable over LIBOR on all variable rate debt ranged from 60 to 80 basis points. The interest rate on the two tranches of the US$ Loan Notes was fixed at 9.19% to 9.34%.

On 22 October the Group completed the rearrangement of its debt facilities. Following this the interest paid by the Group on variable rate debt and overdraft was 300 basis points over LIBOR base rate. The interest rates on the US$ Loan Notes were revised to 11.82% and 11.96%.

Group interest includes net charges of £4.1 million (2000 – nil) on the non-recourse borrowings of PFI project companies where the Group's investment represents more than 50% of the equity of the project company.

Group interest also includes amortisation and the write-off of front-end fees incurred on arranging debt facilities and provision for make whole interest charges on scheduled debt repayment dates. The charge for these items in 2001 was £0.8 million (2000 – £0.1 million) and it is anticipated that this will increase to £2.5 million in 2002 if the existing debt arrangements remain in place throughout the year.

ii) ***Joint venture interest (net)*** ***2001 – £13.3 million*** *2000 – £4.1 million*

The Group's share of interest in joint ventures represents its proportionate share of project companies' interest receivable and interest payable. Interest rates applicable to project companies vary from project to project and are partially fixed where the joint venture partners believe it is economically effective to do so.

Joint ventures include the Group's investment in a number of PFI project companies. The interest on non-recourse project debt is generally capitalised while the project remains under construction and is not charged to the profit and loss account until operations have commenced. During 2001, several projects commenced operations and further operational projects were added as a result of acquiring Hyder Investments. This gave rise to the substantial increase in both the joint venture operating profits and the interest charge.

iii) ***Associate interest (net)*** ***2001 – £2.5 million*** *2000 – £0.4 million*

Associate interest represents the Group's share of the interest charged to the profit and loss account of associated undertakings. Throughout 2001, and the previous year, the associate interest included that related to the Group's investment in Octagon Group Limited and Gorodok Pty Limited. 2001 included an element of the interest related to WL Homes following the capital restructuring and its reclassification from a joint venture to an associate.

Financial Review

TAXATION

The tax charge for 2001 was £12.1 million (2000 – £2.8 million). The tax charge principally reflects tax on profits in the continuing businesses not able to be sheltered by the losses in the Construction Division due to its disposal. The potential capital gains on the profits resulting from the sale of Europistas have largely been sheltered by capital losses on the sale of Laing Construction and by indexation. Under the terms of the sale of Laing Construction the Group is entitled, through the operation of Group relief, to its time-apportioned share of taxable losses for the 15-month accounting period to 31 March 2002. This is unlikely to result in a significant amount of losses available for offset against the taxable profits of the continuing businesses.

The Group has no unutilised Advance Corporation Tax.

FINANCE

Following the acquisition of Hyder Investments Limited in January 2001, the Group held a controlling interest in a number of project subsidiaries. The assets and liabilities of those subsidiaries are consolidated for the purpose of the accounts. Group net debt includes £109.5 million of project specific debt that is secured solely on the assets of the project company and on which there is no further recourse to the Group's other assets.

Consolidated net debt at 31 December comprised the following:

	2001			2000
	Recourse £ million	Non-recourse £ million	Total £ million	£ million
Cash at bank	**25.0**	**8.8**	**33.8**	80.7
Loans repayable within 1 year	**(8.5)**	**–**	**(8.5)**	(23.9)
Loans repayable after more than 1 year	**(183.9)**	**(118.3)**	**(302.2)**	(86.8)
	(167.4)	**(109.5)**	**(276.9)**	(30.0)

The poor trading of Laing Construction and the disappointing proceeds for the sale of that business caused a potential breach of the Group's loan covenants in 2001. Following extensive negotiations with the Group's lenders, the loan facilities were restructured on 22 October 2001 to provide committed funding for the Group to August 2004, incorporating a new covenant package and consequently a higher ongoing cost of borrowing.

The sale of Laing Construction also resulted in the deconsolidation of £73.4 million of cash, this being the net cash balance held by that business in support of its trade liabilities at the date of sale. This depletion of the Group's financial resources necessitated the refinancing by way of a Rights Issue of 76,756,488 new Ordinary Shares at 100 pence per share. The Rights Issue raised £73.9 million net of expenses. Underwriting commissions and other costs associated with the Rights Issue amounted to £2.8 million. These costs have been charged to the Share Premium Account.

In June 2001 the Group reduced its interest in WL Homes LLC from 50% to 22.5%. The net cash proceeds, including a special dividend distribution, were £33.3 million. In addition to the cash consideration the Group received £20.5 million of interest bearing deferred equity. This is expected to be realised through cash payments to the Group over the next two to three years.

Financial Review

DEBT FACILITIES

Group net debt rose from £30.0 million at the beginning of the year to £276.9 million, including non-recourse net debt of £109.5 million, by 31 December 2001. The non-recourse debt arose as a result of the purchase of Hyder Investments Limited and represents project specific debt that has to be consolidated on projects where the Group's interest is in excess of 50%. The underlying recourse net debt at 31 December 2001 was £167.4 million (2000 – £30.0 million).

The Group has core debt facilities of £257 million, including US$110 million of Loan Notes. Scheduled repayments are £10 million by 30 June 2002, or on completion of the sale of Laing Property Developments if earlier, followed by £25.0 million on each of 31 March 2003 and 30 September 2003. The bank facilities mature on 31 August 2004. The Loan Notes amortise over the period from 2004 to 2012, but become repayable on demand from 31 August 2004 and repayments made prior to the scheduled date would attract a substantial premium for prepayment, as set out in note 22.

ASSET REALISATION

Details on the sale of Laing Construction and the Rights Issue were communicated in a circular to shareholders in September 2001. The circular explained that the Group was investigating the sale of up to £120 million of assets. Up to March 2002 the realisations against this target amounted to £83.4 million. Of the realisations achieved, £51.4 million relates to the sale of the Group's 15% interest in Europistas. However, the final proceeds from the sale of £33.1 million were not received until early January 2002 and were, therefore, included in the Group's consolidated balance sheet as a debtor at 31 December 2001.

As part of the overall asset reduction programme, and as previously announced, the Group intends to sell Laing Property. Some individual property assets have already been sold, with the proceeds mainly received in 2002. Negotiations are well advanced for the sale of the remaining property portfolio and this is likely to result in further debt reduction during 2002.

GOING CONCERN

The Board has reviewed the working capital adequacy for the foreseeable future. A key feature of the cash flow projection for the current year is completion of the asset realisation programme. The Board has a high level of confidence that the programme will be completed in line with expectation and has therefore prepared the financial statements on a going concern basis.

FOREIGN CURRENCY

The Group operates a policy of hedging against significant balance sheet exposures to foreign exchange fluctuations where appropriate.

Currently the investments in the US housing business and Adelaide Airport are hedged using foreign currency loans and forward foreign exchange contracts. During the year the investment in the US housing business was partially disposed of and as a consequence total US denominated assets reduced to £32.4 million and as at 31 December these were £37.0 million. As the Group has US term loans totalling £85.6 million, the exposure was hedged by entering into forward foreign exchange contracts which had a notional value of £56.3 million at 31 December 2001.

The Group seeks to cover significant transactional exposures arising from receipts and payments in foreign currency, where appropriate and cost effective.

Contingent or uncertain exposures are hedged when, in the opinion of the Directors, the risk justifies doing so.

The book value of overseas assets, excluding US housing assets and Adelaide Airport at 31 December 2001, was £12.9 million (2000 – £6.0 million). This includes the Group's investment in Northern Territories Airports at £4.2 million, Gorodok at £4.1 million, Nelostie at £3.0 million and Horizon Energy at £1.3 million. These are offset by liabilities in Group overseas companies.

When the Group invests in overseas developing markets, the required rate of return includes an appropriate risk premium to cover the risks inherent with the economy and business practices of that country.

Group Treasury acts as a service centre to the Group and its divisions and is not a profit centre.

Directors' Report

The Directors submit their Report and Financial Statements for the year ended 31 December 2001 which they approved on 18 March 2002.

RESULT AND DIVIDENDS

The loss before taxation and minority interests for the year was £24.7 million. After taxation and minority interests the loss attributable to shareholders was £37.4 million.

The Directors recommend a final dividend of 4.3 pence per Ordinary Share to be paid on 1 July 2002 to shareholders whose names appear on the register at the close of business on 2 April 2002.

With the interim dividend of 3.3 pence per share paid on 2 November 2001 the total dividend for the year is 7.6 pence per share.

A commentary on events during the year and on the development of the business are given in the Chairman's Statement and in the Operating and Financial Review contained within the Annual Review.

The Laing Environmental Steering Group promotes the principles of sustainable development throughout the Company.

GROUP ACTIVITIES

Following the sale of Laing Construction in October 2001, the activities of individual Group companies are mainly related to the building of homes for sale, property development, investment in infrastructure and facilities management. A list of principal subsidiaries, joint ventures, associated undertakings, joint arrangements and investments appears in the Directors' Report and Financial Statements on pages 51 and 52.

RIGHTS ISSUE

On 27 September 2001 the Company announced its intention to make a fully underwritten Rights Issue of up to 76,756,488 Ordinary Shares of 25 pence each ("Ordinary Shares") to those shareholders on the Register of Members on 17 October 2001. The Rights Issue was to be made at a price of £1 per share on the basis of 9 Ordinary Shares for every 13 held on 17 October 2001 and 23.3531 Ordinary Shares for every 100 6.4% Cumulative Convertible Preference Shares of £1 each held on such date, raising £73.9 million after expenses.

The Rights Issue was approved by the Company's shareholders at an Extraordinary General Meeting held on 22 October 2001 and accordingly the interests of those Directors who held shares in the Company on 17 October 2001 and who took up all or part of their rights have been adjusted. Similarly where Directors had outstanding options over the Company's Ordinary Shares on such date, the number of options outstanding and the related option price have been adjusted in accordance with Inland Revenue practice.

The Rights Issue was considered necessary due to the worse than expected cash cost of exiting from Laing Construction giving rise to a level of indebtedness which the Directors and the Company's existing lenders believed would be excessive in relation to the debt servicing capacity of the Group's continuing businesses. The Group therefore agreed a refinancing package the principal elements of which, in addition to the Rights Issue, were:

- *renegotiated bank facilities aggregating £180 million maturing on 31 August 2004 on amended terms and covenants.*
- *renegotiated arrangements on amended terms and covenants with the holders of US$110 million (£75.3 million) of Loan Notes 2010/12 whereby following repayments in March and September 2003 approximately US$94 million of the notes will remain in place until at least 31 August 2004 and thereafter will be repayable on demand (including a premium for repayment, calculated by reference to US Treasury rates then prevailing, which formed part of the original issue terms of the notes).*
- *the issue by the Company to its lender banks, in consideration of their agreeing to renegotiated bank facilities, of warrants over 8,716,482 Ordinary Shares exercisable at £1 per share at any time until 31 August 2004. The warrants represent approximately 5% of the fully diluted share capital of the Company as enlarged by the Rights Issue.*

In addition to the refinancing package, the Company undertook to investigate the sale of up to £120 million of its assets which were expected to come largely from the Group's Property Development and Investments divisions. At 18 March 2002 £83.4 million had been raised from disposals.

Directors' Report

DIRECTORS

The Directors during the year were:
Sir Martin Laing
R A Wood – retired 31 January 2002
D Ardern
J Armstrong – retired 30 April 2001
A J H Ewer
R S Lidgate
D C Madden – retired 30 April 2001
A E Friend – appointed 31 March 2001
B O Chilver
P J Harper
The Rt. Hon Lord Howell

Sir Martin Laing retired as Chairman on 31 January 2002, but remains as a non-executive Director. R A Wood retired as a Director on 31 January 2002. W W Forrester was appointed a Director from 1 January 2002 and Executive Chairman from 1 February 2002.

The Directors retiring by rotation in accordance with the Articles of Association are Sir Martin Laing, Lord Howell and R S Lidgate and, being eligible, they offer themselves for re-election.

The service contracts of Sir Martin Laing and Lord Howell are terminable on one year's notice from the Company. The service contract of R S Lidgate is terminable on two years' notice from the Company.

W W Forrester, having been appointed subsequent to the last Annual General Meeting ("AGM") retires in accordance with the Articles of Association and, being eligible, offers himself for election. His service contract is terminable on one year's notice from the Company. At his date of appointment, Mr Forrester held 50,000 Ordinary Shares in the Company.

Biographical details of Directors offering themselves for election and re-election are shown on page 5 of the Annual Review and Summary Financial Statements.

REMUNERATION REPORT

REMUNERATION POLICY

Our policy is to set Directors' overall remuneration and benefits at market levels comparable with companies of similar size and scope of activities in order to be able to attract, retain and motivate high calibre individuals.

The main components of our Directors' remuneration package are basic salary, annual bonus, a long-term incentive scheme, membership of a pension scheme, car allowance, an executive share option scheme (no grants have been made since 1996) and provision of health insurance.

We operate a Directors' bonus scheme related to pre-tax profit. The 2001 scheme provides for the payment of up to 60% of basic salary subject to the achievement of a pre-determined performance target set at Group level alone.

The long-term Performance Share Plan approved by shareholders at an Extraordinary General Meeting in October 1996 has now been wound up and there are no options outstanding under the plan.

At the AGM held on 20 June 2001, the Shareholders approved a new long-term incentive plan, called The John Laing Long-Term Incentive Plan, which provides for payment of up to and not normally beyond 100% of basic salary subject to the achievement of performance targets. The first grant under this new plan was made in 2001 using the measures and targets agreed by the shareholders; earnings per share ("EPS") (40% weighting) and relative total shareholder return ("TSR") (60% weighting). For Directors the maximum grant on achievement of maximum target was set at 75% of basic salary – the limit set by shareholders for the first grant.

The threshold for EPS is RPI + 3% per annum which would trigger an award of 10% of basic salary. The maximum performance for EPS is RPI + 15% per annum which would trigger an award of 30% of basic salary. For relative TSR the threshold for the minimum award of 15% of basic salary is median of the comparator group, and the maximum award of 45% of basic salary is for being at least 75th percentile in the comparator group.

The Group had a policy of granting share options selectively to Directors and Senior Executives under the terms of an Inland Revenue Approved Scheme within the provisions of the Finance Act 1984. The final allocations under that scheme were granted in 1996.

Directors' Report

REMUNERATION REPORT (continued)

REMUNERATION POLICY (continued)

With the exception of R S Lidgate, whose contract terminates on two years' notice, all other contracts for Directors provide for one year's notice from the Company. Arrangements relating to early termination are dealt with on the merits of individual cases.

Directors participate in a defined benefit occupational pension scheme – The John Laing Pension Fund. The Fund provides pension benefits based on the relevant service, accrual rate and basic salary. All benefits payable from the Fund are subject to Inland Revenue limits and would be restricted as necessary. For the purposes of the Inland Revenue test, members' total remuneration (and any previous pension benefits) are taken into account. The Inland Revenue pension cap is accommodated through the payment of a separate cash sum to individuals in appropriate cases to cover additional pension provision.

Membership of the Remuneration Committee is set out in the statement of Corporate Governance on page 14 of the Directors' Report and Financial Statements.

Particulars of Directors' emoluments, pension entitlements, share interests and share options are set out below:

DIRECTORS' EMOLUMENTS	Salary and fees £	Benefits £	**Total 2001 £**	Total 2000 £	**Pensions 2001 £**	Pensions 2000 £
EXECUTIVE						
Sir Martin Laing	365,000	11,180	**376,180**	402,626	**32,850**	31,500
R A Wood	390,585	5,121	**395,706**	415,145	**33,750**	31,950
D Ardern	216,119	2,012	**218,131**	213,778	**37,462**	33,015
J Armstrong (4)	95,000	5,314	**100,314**	318,229	**–**	–
A J H Ewer	255,208	15,583	**270,791**	261,429	**53,503**	44,215
R S Lidgate	286,458	10,897	**297,355**	301,543	**62,253**	55,415
A E Friend (3)	153,612	793	**154,405**	–	**26,306**	–
D C Madden (5)	130,613	4,618	**135,231**	232,115	**–**	17,550
NON-EXECUTIVE						
B O Chilver	30,000	2,308	**32,308**	32,296	**–**	–
P J Harper	30,000	–	**30,000**	30,000	**–**	–
The Rt. Hon Lord Howell	30,000	–	**30,000**	30,271	**–**	–
TOTAL			**2,040,421**	2,237,432	**246,124**	213,645

NOTES

(1) The Directors' annual bonus scheme for 2001 related solely to the Group's pre-tax profit target. The threshold for triggering bonus payments was not met and therefore no annual bonus payments have been included within total Directors' emoluments (2000 – £219,600). Annual bonuses are calculated by reference to achievement of pre-determined profit targets as measured by the Group's management accounts. Such profit targets are approved by the Board and individual annual bonus arrangements are approved by the Remuneration Committee.

(2) Pension contributions stated above include a notional charge of 9% (2000 – 9%) on pensionable salaries. This is shown in order to reflect the normal cost of providing accrued pension benefits. The balance reflects payments made to certain individuals, to accommodate the Inland Revenue pension cap.

(3) A E Friend was appointed to the Board on 31 March 2001 and the 2001 emoluments shown above are stated for the nine months ending 31 December 2001.

(4) The 2001 emoluments of J Armstrong are for the period 1 January 2001 to 30 April 2001, the date on which he retired as a Director. Remunerations received after 30 April 2001 were £215,231 for salary, fees and compensation to a former Director, and £1,400 for company car, fuel and BUPA benefits provided for the month of May.

(5) The 2001 emoluments of D C Madden are for the period 1 January 2001 to 30 April 2001, the date on which he retired as a Director. Remunerations received after 30 April 2001 were £69,848 for salary and fees, plus £1,221 for company car, fuel and BUPA benefits provided for the month of May.

(6) The only Director to exercise options during the year was Sir Martin Laing who made a gain of £153,425.

(7) Sir Martin Laing retired from his position as an Executive Director on 31 January 2002 and received a payment of £50,000 in lieu of his entitlement to participate in the 2001 Long-Term Performance Share Plan. This amount is in addition to the sum disclosed above and gives a total remuneration in the year of £426,180.

(8) R A Wood retired early as a Director on 31 January 2002 and received a payment of £317,524 in lieu of notice which represented his salary for his notice period and his entitlement to participate in the 2001 Long-Term Performance Share Plan. This amount is in addition to the sum disclosed above and gives a total remuneration in the year of £713,230.

Directors' Report

DIRECTORS' PENSION ENTITLEMENTS

EXECUTIVE DIRECTORS	Age at end of year	Accumulated total accrued annual pension at 31 December 2001 £	Increase in accrued annual pension during the year (2) £	Transfer value of increase (3) £000
Sir Martin Laing	**59**	**301,408**	**(128)**	**(2.5)**
R A Wood	**59**	**337,941**	**45,534**	**893.2**
D Ardern	**56**	**28,620**	**3,708**	**62.6**
A J H Ewer	**48**	**33,390**	**3,809**	**43.4**
A E Friend	**49**	**7,419**	**2,718**	**32.4**
R S Lidgate	**56**	**9,540**	**1,757**	**29.7**
		718,318	**57,398**	**1,058.8**

NOTES

(1) The pension entitlement shown is that which would be paid annually on retirement based on service to 31 December 2001.

(2) The increase in accrued pension during the year excludes any increases on account of inflation.

(3) These transfer values have been calculated on the basis of actuarial advice in accordance with Actuarial Guidance Note GN11.

(4) Throughout 2001 all Executive Directors were members of The John Laing Pension Fund (the "Fund"). The Fund is a tax approved scheme.

(5) Members of the Fund have the option to pay Additional Voluntary Contributions; neither the contributions nor the resulting benefits are included in the above table.

(6) Whilst J Armstrong was a Director up to and including 30 April 2001, no pension was accruing through 2001 as he had reached 60 years of age in September 1999

(7) Whilst D C Madden was a Director up to and including 30 April 2001, no pension was accruing through 2001 as he had reached 60 years of age in December 2000.

(8) Membership of the Fund is non-contributory.

(9) The increase in accrued pension for R A Wood is calculated under the rules of the John Laing plc pension schemes and is based on the average of the last three years' remuneration.

Directors' Report

DIRECTORS' INTERESTS

SHARES

The number of shares of the Company in which each Director of the Company is deemed to hold an interest is shown below in accordance with the requirements of the Companies Act 1985, and includes family interests and holdings in which Directors are interested solely as Trustees.

	At 31 December 2001		At 1 January 2001	
	Ordinary Shares 25p each	6.4% Convertible Cumulative Preference Shares £1 each	Ordinary Shares 25p each	6.4% Convertible Cumulative Preference Shares £1 each
BENEFICIAL				
Sir Martin Laing	**1,224,533**	**154,067**	1,149,449	154,067
R A Wood	**90,012**	**–**	43,415	–
D Ardern	**22,326**	**–**	13,243	–
A J H Ewer	**46,711**	**–**	8,987	–
R S Lidgate	**78,688**	**–**	26,779	–
A E Friend	**6,786**	**–**	–	–
B O Chilver	**1,919**	**–**	1,134	–
P J Harper	**29,265**	**–**	22,293	–
The Rt. Hon Lord Howell	**888**	**–**	525	–
AS TRUSTEES (NON-BENEFICIAL)				
Sir Martin Laing	**4,626,346**	**500,000**	4,599,197	500,000
R A Wood	**–**	**–**	2,732,372	150,000
B O Chilver	**11,245,089**	**400,000**	10,805,361	400,000
P J Harper	**3,934,479**	**–**	8,113,759	–

By reason of common interests some shares are included against the names of more than one Director. After eliminating such duplications the total number of shares in which the Directors are interested as Trustees are shown below.

	At 31 December 2001		At 1 January 2001	
	Ordinary Shares 25p each	6.4% Convertible Cumulative Preference Shares £1 each	Ordinary Shares 25p each	6.4% Convertible Cumulative Preference Shares £1 each
Directors' interests as Trustees	**17,576,911**	**800,000**	23,091,386	800,000

Directors' Report

SHARE OPTIONS

The Directors participated in the Senior Executive Share Option Scheme and the Savings Related Share Option Scheme and have options to subscribe for Ordinary Shares as follows:

	At 1 January 2001	*Rights issue adjustment	Exercised during the year	**At 31 December 2001**	Exercise price	Date from which exercisable	Expiry date
Sir Martin Laing	85,000	–	85,000	**–**	346p	11/05/97	11/05/04
	4,074	278	–	**4,352**	+196.588p	01/02/02	31/07/02
R A Wood	30,000	2,046	–	**32,046**	323.90p	11/05/97	11/05/04
D Ardern	4,074	278	–	**4,352**	+196.588p	01/02/02	31/07/02
R S Lidgate	4,074	278	–	**4,352**	+196.588p	01/02/02	31/07/02
	127,222	2,880	85,000	**45,102**			

+ Exercise price – Savings Related Share Option Scheme.

** Following approval of the Rights Issue by the Company's shareholders, the number of options outstanding and the related option price have been adjusted accordingly.*

The mid-market price of the Company's Ordinary Shares on 31 December 2001 was 155½ pence. The range of share prices during 2001 was 102½ pence to 567½ pence.

During the year Sir Martin Laing exercised options over 85,000 shares. The market price on the date of exercise was 526½ pence.

The Register of Directors' Interests contains full details of Directors' shareholdings and options.

On 18 January 2002 W W Forrester was granted an option to acquire 379,746 Ordinary Shares at a price of 158 pence per share subject to a performance condition over the period 1 January 2002 to 31 December 2004. This performance condition is relative TSR, and the Company must rank in the top quartile of the comparator group for the grant to be exercised. The comparator group is the same as that used for the 2001 Long-Term Incentive Plan grant.

On 3 January 2002 P J Harper acquired 20,000 6.4% Convertible Cumulative Preference Shares of £1 each. On 17 January 2002 the interests of Lord Howell increased following the acquisition of 2,150 Ordinary Shares by his wife, Lady C D Howell, which are to be held in an Individual Savings Account.

There were no other movements in Directors' interests in shares and share options prior to the date of this report.

LONG-TERM PERFORMANCE SHARE PLAN

Directors participate in a long-term Performance Share Plan based on Group performance over three-year cycles.

Following the fundamental change in the Group's strategy it was decided that the long-term Performance Share Plan should be wound up and replaced with a new Long-Term Incentive Plan. Shareholders approved this new plan at the AGM in June 2001.

In order to compensate Directors for loss of future entitlements, and thus enable the Scheme to be wound up, the following awards were made to Directors on 9 February 2001 in respect of the Scheme years 1999 and 2000. The share price on the date of award was 519 pence.

	Ordinary shares 25p each		Value on date of award
	Maximum award	Award	£
Sir Martin Laing	**155,520**	**72,706**	**377,344**
R A Wood	**157,810**	**73,790**	**382,970**
D Ardern	**78,605**	**36,474**	**189,300**
J Armstrong	**119,835**	**55,995**	**290,614**
A J H Ewer	**75,742**	**31,025**	**161,020**
R S Lidgate	**112,364**	**51,900**	**269,361**
D C Madden	**85,476**	**39,727**	**206,183**
A E Friend	**20,053**	**6,684**	**34,689**
	805,405	**368,301**	**1,911,481**

Directors' Report

LONG-TERM PERFORMANCE SHARE PLAN (continued)

A grant under the new Long-Term Incentive Plan was made on 24 October 2001. The total maximum conditional awards to Directors in respect of the scheme year commencing 1 January 2001 is set out below. The share price on the date of the award was 114 pence. Subsequent to the year end, all the Directors have waived their entitlements under the 2001 grant to maximise share capacity and to support the proposed new share incentive schemes with broader participation.

	Ordinary shares 25p each maximum award	Value on date of award
R S Lidgate	199,013	226,875
A J H Ewer	177,302	202,124
D Ardern	137,500	156,750
A E Friend	130,263	148,500

SUBSTANTIAL SHAREHOLDINGS

As at 18 March 2002, the Directors were aware of the following substantial interests in the shares of the Company.

	Ordinary shares 25p each	**%**
Amvescap plc	**31,610,726**	**18.11**
Schroder Investment Management Limited	**19,676,499**	**11.23**
Kirby Laing Principal Trust	**9,139,744**	**5.24**

EMPLOYEES

The Group seeks to ensure employee commitment to its objectives in a number of ways. It has adopted a system of twice-yearly presentations whereby the Company's Directors visit Laing offices around the country to brief staff on the Group's financial performance and strategic plans. In addition, regular team briefings at local level provide employees with information about the performance of their part of the business and about other topics of local interest. A wide range of information is also communicated across the Group's Intranet, including the e-publication of the Group's financial results.

The Staff Pension Fund Advisory Committee is a consultative group which draws its membership from different parts of the Group. It meets twice a year to discuss current matters concerning the Fund and also nominates three of its members to act as trustees of the Fund.

A Savings Related Share Option Scheme provides the opportunity for many employees to become shareholders. This scheme matured on 1 February 2002.

The framework within which decisions about people are made is set out in the Group's personnel policy which is published in the staff handbook. It is part of that policy to employ and train disabled people whenever their skills and qualifications allow and when suitable vacancies are available. If existing employees become disabled, every effort is made to find them appropriate work and training is provided if necessary.

Directors' Report

POLITICAL AND CHARITABLE CONTRIBUTIONS

No contributions were made by the Group to any political party. Charitable contributions made during the year by the Company and its subsidiaries amounted to £6,670. In addition, contributions of £804,904 were made by Laing's Charitable Trust. The Trust is funded separately and derives its income from investments which are held and managed independently from the Group.

PAYMENT POLICY

The Group is a registered supporter of the CBI Prompt Payers Code of Good Practice. Payment terms are clearly stated in contracts between Group companies and their suppliers or subcontractors from the outset. The Group has a consistent policy to pay in accordance with the contracted terms, provided the supplier is also complying with all the relevant terms of the contract. More information about the Code may be obtained from the CBI. The number of days' billings from suppliers outstanding to the Group at 31 December 2001 was 57 days (2000 - 78 days). The Company does not carry on a trade.

AUDITOR

The Company's auditor, KPMG Audit Plc, is willing to continue in office and a resolution concerning its reappointment in accordance with Section 385 of the Companies Act 1985 is to be proposed at the forthcoming AGM.

On behalf of the Board

W W Forrester
Executive Chairman
18 March 2002

Corporate Governance

THE COMBINED CODE

The Company complied with the Combined Code provisions throughout the year with the following exceptions:

(A.3.1) the non-executive Directors comprised less than one-third of the Board for the period 1 January 2001 to 30 April 2001;

(A.5.1) the Nominations Committee did not contain a majority of non-executive Directors throughout the year.

INTERNAL CONTROL

The Combined Code introduced a requirement that Directors review the effectiveness of the Group's system of internal controls. This requirement covers all controls including financial, operational and compliance controls and risk management, addressed in Internal Control: Guidance for Directors on the Combined Code (the 'Turnbull Report') published in September 1999.

The Board is responsible for the Group's system of Internal Control and for reviewing its effectiveness whilst the role of management is to implement board policies on risk and control. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group does not have a full-time internal audit function but reviews the need on a regular basis. The Board has reviewed and modified the existing risk management and internal control process as necessary and complied with the Turnbull Report for the year ended 31 December 2001 and up to the date of this report. The process is regularly reviewed by the Board.

There is a continuous process for identifying, evaluating and managing the significant risks faced by the Group. The process works on the basis of projects and central departments producing risk registers which identify key factors, the probability of those events occurring, the impact if they do occur and the actions being taken to manage those risks. The significant project and departmental risks are passed upwards to the business unit on a filter basis culminating in the production of business unit risk registers and finally a Group risk register. The significant risks faced by John Laing plc, mitigation measures and action plans are discussed at Board meetings.

The process followed by the Board to review the effectiveness of the system of internal control includes the following:

- *The Group has an appropriate organisational structure for planning, executing, controlling and monitoring business operations with appropriate authorisation limits in order to achieve business objectives.*
- *The Board receives and reviews the register of key Group and business unit risks and receives regular reports on any significant problems that have occurred during the year and how the risks have changed over the period under review.*
- *The Audit Committee reviews external and internal audit work plans.*
- *Group businesses participate in periodic reviews which include consideration of long-term financial objectives and the evaluation of business strategy.*
- *The Board and management receive timely, relevant and reliable reports from each business unit on progress against business objectives.*
- *The effective application of policies, processes and activities relating to internal control and risk management are monitored by way of control self assessments, internal audit reviews and outsourcing of operational audits as required.*

THE BOARD OF DIRECTORS

As at 31 December 2001 the Board of John Laing plc comprised of six executive and three independent non-executive Directors. As at 18 March 2002 the Board consists of five executive and four non-executive Directors. The Board meets on a regular basis and has the responsibility for strategic and financial policies. Until February 2002 the Board delegated executive control to the Group Executive, a sub-committee of the Board that consisted of the Chairman, Sir Martin Laing, and the Deputy Chairman, R A Wood. From 1 February 2002 the Board delegated executive control to the Executive Chairman, W W Forrester. The Group Executive met once a month and reviewed divisional performance with senior divisional management. All Directors are equally accountable under law for the proper stewardship of the Company's affairs. Policies and procedures have been implemented to ensure that the decisions of the Group Executive and, since 1 February 2002, the decisions of the Executive Chairman, are considered by the Board. The senior non-executive Director is B O Chilver.

On 1 February 2002, W W Forrester was appointed as Executive Chairman. The combining of the two roles of Chairman and Chief Executive does not comply with best practice in Corporate Governance. However, the Board believes that for a period of up to three years, while the Board undergoes other significant changes and the strategic direction of the Group is reviewed, it is appropriate to operate under the stewardship of the Executive Chairman. The Board is appointing five non-executive directors, including four new independent non-executive directors, in order to ensure that the highest standards of Corporate Governance are maintained.

The Directors take independent professional advice from the Group's consultants as necessary and procedures exist for the appointment of such consultants at the Group's expense.

Corporate Governance

THE BOARD OF DIRECTORS (continued)

The Company Secretary is responsible to the Board for ensuring that Board procedures and the applicable rules and regulations are complied with. Decisions requiring urgent consideration by the Group Executive, the Executive Chairman or the Board are notified to all members for consultation.

The Nominations Committee recommends all new Board appointments and comprises W W Forrester (Chairman) and three of the non-executive Directors, B O Chilver, P J Harper and Lord Howell.

The non-executive Directors are appointed by the Board. As main Board Directors they bring judgement to bear on all issues of policy but take no functional responsibility for operational matters.

Directors retire by rotation every third year.

AUDIT COMMITTEE

The Audit Committee currently comprises three non-executive Directors, B O Chilver (Chairman), P J Harper and Lord Howell. The Committee meets at least twice a year and will normally request the attendance of the Group Finance Director and representatives of the external auditor. However, at least once a year, the Committee meets with the external auditor without the Group Finance Director being present. The Committee is authorised by the Board to obtain outside legal or other independent professional advice if it considers that to be necessary. Copies of the minutes of all Audit Committee meetings are distributed to Board members.

REMUNERATION COMMITTEE

The Remuneration Committee currently comprises three non-executive Directors, P J Harper (Chairman), B O Chilver and Lord Howell. The meetings are attended by the Executive Chairman. The Committee also employs the services of an independent consultant. The Committee is responsible for determining the terms of employment of the Executive Directors of John Laing plc.

PENSIONS

The Group operates pension schemes for its employees. The assets of the schemes are held in trustee administered funds which are separate from the assets of the Group.

The Trustees of the main pension fund consist of three management representatives, the Pensions Manager, three employees, two retired members of staff and an independent member who was formerly with Noble Lowndes, Financial Advisers and Pension Consultants. In addition, the Law Debenture Trust Corporation plc was appointed in 1994 as an entrenched independent Reference Trustee.

Investment management of the funds is shared among five specialist independent investment management companies.

On 31 December 2001, the investment in John Laing plc represented less than 2% of the pension funds' total investment portfolio.

GOING CONCERN

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future and, for that reason, they continue to adopt the going concern basis in preparing the accounts.

RELATIONSHIP WITH SHAREHOLDERS

Regular presentations are made to analysts and dialogue takes place with large shareholders. All shareholders receive the interim and annual reports, and have the opportunity to put questions to the Board at the AGM. In addition corporate information is available on the Company website at www.laing.com.

AUDIT

All of the Group's major subsidiaries are audited by KPMG Audit Plc, with the exception of M40 Trains Limited which is audited by Grant Thornton. Joint ventures and the associated companies are also audited by KPMG Audit Plc unless arrangements with our partners stipulate an alternative appointment. In addition to the Auditor's Report to the Members of John Laing plc on the financial statements set out in the Directors' Report and Financial Statements, the auditor's report to the Directors any findings on the procedures and controls within the operating activities which have come to their notice during the course of their normal audit work.

A report from the Auditor on its review of the interim accounts is published with the statement of interim results issued to shareholders.

Statement of 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 Group and of the profit or loss 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; and*
- *Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Independent Auditor's Report

to the Members of John Laing plc

We have audited the financial statements on pages 17 to 49, 51 and 52. We have also examined the amounts disclosed relating to emoluments, share options, long-term incentive scheme interests and Directors' pension entitlements which form part of the Directors' Report on pages 5 to 12.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Directors are responsible for preparing the Directors' Report and Financial Statements. As described on page 15, this includes responsibility for preparing 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, the Listing Rules of the Financial Services Authority, 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 1985. 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 or the Listing Rules regarding Directors' remuneration and transactions with the Group is not disclosed.

We review whether the statement on pages 13 and 14 reflects the Company's compliance with the seven provisions of the Combined Code, specified for our review by the Listing Rules, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Directors' Report and Financial Statements, including the corporate governance statement, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 Group'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 affairs of the Company and the Group as at 31 December 2001 and of the loss of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc
Chartered Accountants
Registered Auditor
18 March 2002

8 Salisbury Square
London EC4Y 8BB

Group Profit and Loss Account

John Laing plc and subsidiary undertakings

FOR THE YEAR ENDED 31 DECEMBER 2001	Notes	2001 Continuing £ million	2001 Discontinued+ £ million	2001 Total £ million	2000 £ million
TURNOVER	1	**842.4**	**546.8**	**1,389.2**	1,574.4
DEDUCT:					
Share of joint venture turnover	14	**(181.4)**	**(1.2)**	**(182.6)**	(249.9)
Share of associate turnover	14	**(111.3)**	**–**	**(111.3)**	(12.8)
GROUP TURNOVER		**549.7**	**545.6**	**1,095.3**	1,311.7
Continuing		**496.5**	**–**	**496.5**	461.0
Acquisitions		**53.2**	**–**	**53.2**	–
Discontinued		**–**	**545.6**	**545.6**	850.7
Cost of sales		**(430.3)**	**(596.3)**	**(1,026.6)**	(1,237.1)
GROSS PROFIT		**119.4**	**(50.7)**	**68.7**	74.6
Exceptional cost of restructuring	1	**(8.7)**	**–**	**(8.7)**	(15.1)
Other operating and administrative expenses		**(62.4)**	**(43.5)**	**(105.9)**	(96.9)
Total operating and administrative expenses		**(71.1)**	**(43.5)**	**(114.6)**	(112.0)
Other operating income	6	**2.9**	**–**	**2.9**	0.5
GROUP OPERATING LOSS	2	**51.2**	**(94.2)**	**(43.0)**	(36.9)
Share of operating profit of:					
Joint ventures		**25.3**	**(0.3)**	**25.0**	17.1
Associates		**8.0**	**–**	**8.0**	2.2
OPERATING LOSS INCLUDING JOINT VENTURES AND ASSOCIATES		**84.5**	**(94.5)**	**(10.0)**	(17.6)
Continuing		**60.4**	**–**	**60.4**	71.6
Acquisitions		**24.1**	**–**	**24.1**	–
Discontinued		**–**	**(94.5)**	**(94.5)**	(89.2)
Profit on disposal of and amounts written off investments and other fixed assets	3	**51.2**	**–**	**51.2**	29.3
Loss on disposal of operations	3	**–**	**(33.6)**	**(33.6)**	–
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST	1	**135.7**	**(128.1)**	**7.6**	11.7
Interest receivable:					
Group	7			**8.4**	7.6
Joint ventures				**9.8**	1.9
Associates				**0.1**	–
Total				**18.3**	9.5
Interest payable:					
Group	7			**(24.9)**	(9.1)
Joint ventures				**(23.1)**	(6.0)
Associates				**(2.6)**	(0.4)
Total				**(50.6)**	(15.5)
Net interest				**(32.3)**	(6.0)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION				**(24.7)**	5.7
Taxation	8			**(12.1)**	(2.8)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION				**(36.8)**	2.9
Minority interests				**(0.6)**	–
(LOSS)/PROFIT ATTRIBUTABLE TO SHAREHOLDERS				**(37.4)**	2.9
Dividends on equity and non-equity shares	9			**(13.3)**	(15.1)
RETAINED LOSS FOR THE YEAR	25			**(50.7)**	(12.2)
Earnings per share – Basic	10			**(33.9)p**	0.4p*
– Diluted	10			**(33.9)p**	0.4p*

** Restated for the Rights Issue of shares on 26 November 2001.*

+ The results of discontinued businesses include the trading loss and loss on disposal of the Construction business on 22 October 2001.

Group Statement of Total Recognised Gains and Losses

John Laing plc and subsidiary undertakings

FOR THE YEAR ENDED 31 DECEMBER 2001	Notes	2001 £ million	2000 £ million
(Loss)/profit attributable to shareholders		**(37.4)**	2.9
Unrealised (deficit)/surplus on revaluation of properties		**(0.1)**	0.7
Currency translation differences on foreign currency net investments		**(0.5)**	(3.4)
TOTAL (LOSSES)/GAINS RECOGNISED IN THE YEAR	11	**(38.0)**	0.2

Group Statement of Historical Cost Profits and Losses

John Laing plc and subsidiary undertakings

FOR THE YEAR ENDED 31 DECEMBER 2001	2001 £ million	2000 £ million
(Loss)/profit on ordinary activities before taxation	**(24.7)**	5.7
Difference between an historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	**(0.1)**	(0.1)
Realisation of property revaluation gains of previous years	**1.0**	2.0
HISTORICAL COST (LOSS)/PROFIT BEFORE TAXATION	**(23.8)**	7.6
HISTORICAL COST RETAINED LOSS FOR THE YEAR	**(49.8)**	(10.3)

Group Balance Sheet

John Laing plc and subsidiary undertakings

AT 31 DECEMBER 2001	Notes	2001 £ million	2000 £ million
ASSETS EMPLOYED			
FIXED ASSETS			
Intangible assets	30	**12.2**	9.5
Tangible assets	13	**83.1**	41.5
Investments	14	**22.7**	28.0
Investments in joint ventures:			
Share of gross assets	14	**676.5**	458.2
Share of gross liabilities	14	**(578.5)**	(372.8)
	14	**98.0**	85.4
Investments in associates	14	**51.7**	17.7
		267.7	182.1
CURRENT ASSETS			
Land and developments		**402.2**	314.3
Stocks and work in progress	15	**2.6**	2.8
Debtors – due within one year	16	**81.7**	167.7
– due after more than one year	16	**94.3**	34.8
		176.0	202.5
Short-term investments	17	**2.2**	2.2
Cash at bank and in hand	18	**33.8**	80.7
		616.8	602.5
CREDITORS			
Amounts falling due within one year:			
Bank and other loans	23a, d	**8.5**	23.9
Other creditors	19	**193.8**	377.5
		202.3	401.4
NET CURRENT ASSETS		**414.5**	201.1
TOTAL ASSETS LESS CURRENT LIABILITIES		**682.2**	383.2
CREDITORS			
Amounts falling due after more than one year:			
Bank and other loans	23a, d	**302.2**	86.8
Other creditors	19	**19.5**	23.6
		321.7	110.4
PROVISIONS FOR LIABILITIES AND CHARGES	20	**94.8**	31.7
		265.7	241.1
FINANCED BY			
CAPITAL AND RESERVES			
Called up share capital	24	**83.1**	64.1
Share premium account	25	**81.2**	23.7
Property revaluation reserve	25	**3.6**	4.7
Profit and loss account	25	**94.8**	146.6
Other reserves	25	**2.2**	1.6
SHAREHOLDERS' FUNDS:			
– equity		**226.8**	202.1
– non-equity	25	**38.1**	38.6
		264.9	240.7
Minority interests – equity		**0.8**	0.4
		265.7	241.1

Company Balance Sheet

John Laing plc

AT 31 DECEMBER 2001	Notes	2001 £ million	2000 £ million
ASSETS EMPLOYED			
FIXED ASSETS			
Interests in subsidiary undertakings	12	**252.2**	394.4
		252.2	394.4
CURRENT ASSETS			
Interest in subsidiary undertakings	12	**23.0**	–
Debtors – due within one year	16	**295.1**	107.0
Cash at bank and in hand		**1.2**	24.9
		319.3	131.9
CREDITORS:			
Amounts falling due within one year:			
Bank and other loans	23d	**15.9**	60.5
Other creditors	19	**106.6**	138.3
		122.5	198.8
NET CURRENT ASSETS/(LIABILITIES)		**196.8**	(66.9)
TOTAL ASSETS LESS CURRENT LIABILITIES		**449.0**	327.5
CREDITORS:			
Amounts falling due after more than one year:			
Bank and other loans	23d	**183.9**	86.8
		183.9	86.8
PROVISIONS FOR LIABILITIES AND CHARGES	20	**0.2**	–
		264.9	240.7
FINANCED BY			
CAPITAL AND RESERVES			
Called up share capital	24	**83.1**	64.1
Share premium account	25	**81.2**	23.7
Revaluation of shares in subsidiary undertakings	25	**84.8**	136.0
Profit and loss account	25	**15.8**	16.9
SHAREHOLDERS' FUNDS			
– equity		**226.8**	202.1
– non-equity	25	**38.1**	38.6
		264.9	240.7

The accounts on pages 17 to 49 and 51 to 52 were approved by the Board of Directors on 18 March 2002 and were signed on its behalf by

W W Forrester
Executive Chairman

Group Cash Flow

John Laing plc and subsidiary undertakings

FOR THE YEAR ENDED 31 DECEMBER 2001	Notes	2001 £ million	2000 £ million
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	26	**(115.8)**	(58.3)
DIVIDENDS RECEIVED FROM JOINT VENTURES AND ASSOCIATES		**1.5**	9.0
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE:			
Interest received		**8.5**	8.1
Interest paid		**(26.5)**	(6.7)
Dividends received		**1.2**	0.5
Dividends paid to non-equity shareholders		**(2.5)**	(2.6)
Net cash outflow from returns on investments and servicing of finance		**(19.3)**	(0.7)
TAXATION			
UK corporation tax received/(paid)		**2.8**	(3.2)
Overseas tax paid		**(3.5)**	(2.0)
		(0.7)	(5.2)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Purchase of fixed assets		**(5.9)**	(14.2)
Construction of PFI assets		**(31.5)**	–
Sale of fixed assets		**1.5**	8.9
Purchase of investments		**(4.4)**	(4.3)
Sale of investments		**31.4**	38.7
Net cash (outflow)/inflow from capital expenditure and financial investments		**(8.9)**	29.1
ACQUISITIONS AND DISPOSALS			
Purchase of subsidiary undertakings	27a	**(105.3)**	(10.0)
Net overdraft balance acquired with subsidiaries	27a	**(132.6)**	(2.8)
Purchase of interests in and loans to associated undertakings and joint ventures		**(12.2)**	(21.6)
Sale of subsidiary undertakings	27b	**(1.5)**	–
Net overdraft/(cash) balance disposed with subsidiaries	27b	**39.0**	–
Sale of interests in and repayment of loans by associated undertakings and joint ventures		**47.0**	8.3
Sale of operation		**–**	0.1
Net cash outflow from acquisitions and disposals		**(165.6)**	(26.0)
EQUITY DIVIDENDS PAID		**(11.5)**	(11.8)
NET CASH OUTFLOW BEFORE USE OF LIQUID RESOURCES AND FINANCING		**(320.3)**	(63.9)
MANAGEMENT OF LIQUID RESOURCES			
Net cash transfer from bank deposits	28	**25.4**	55.3
Net cash inflow from management of liquid resources		**25.4**	55.3
FINANCING			
Issue of ordinary share capital		**74.9**	2.6
Decrease in bank borrowings falling due within one year	28	**(12.6)**	(56.8)
Increase in bank borrowings falling due after more than one year	28	**214.0**	66.6
Net cash inflow from financing		**276.3**	12.4
(Decrease)/increase in cash in the period	28	**(18.6)**	3.8

The Group includes term deposits of less than a year, government securities and corporate bonds as liquid resources.

Accounting Policies

(A) BASIS OF PREPARATION OF ACCOUNTS

These accounts have been prepared under the historical cost convention, modified to include the revaluation of certain land and buildings and investments in subsidiary undertakings, and in accordance with reporting requirements of the Companies Act 1985, together with applicable accounting standards, except as stated in note 14.

In accordance with Section 230 of the Companies Act 1985 no separate profit and loss account has been presented for the Company.

The Group has adopted Financial Reporting Standard (FRS) 18 'Accounting Policies' and complied with the transitional disclosure requirements of FRS 17 'Retirement benefits'. These have had no material effect on the Group's results and no prior year adjustment is necessary.

(B) BASIS OF CONSOLIDATION

The Group profit and loss account and balance sheet include the financial statements of John Laing plc and its subsidiary undertakings made up to 31 December. Where subsidiaries are acquired, and acquisition accounted, or sold during the year, or where joint arrangements are entered into or terminated during the year, the Group profit and loss account includes the results for the part of the year for which they were subsidiaries or joint arrangements.

Interests in subsidiary undertakings and joint arrangements are included in the parent company balance sheet, at the Group's share of net assets of these undertakings.

Where the accounts of overseas subsidiaries do not conform with the Group's accounting policies, adjustments are made on consolidation in order to present the Group accounts on a uniform basis.

The associates and joint ventures are accounted for using the equity basis, except as stated in note 14 where the Directors consider a different treatment is required in order to show a true and fair view. Interests in such companies are shown in the consolidated balance sheet at cost, including advances, plus the appropriate share of post acquisition retained profits and reserves.

(C) TURNOVER

Turnover comprises the value of work executed by construction activities, fees receivable on construction management, income generated in respect of services provided by our rail activities, rental income and invoiced sales after excluding intra-group transactions. In the case of private housing, sales are recognised at the date of legal completion, and for other property developments sales are recognised on exchange of unconditional contract.

(D) TANGIBLE FIXED ASSETS

Tangible fixed assets are initially recorded at cost and are depreciated in accordance with accounting policy (F). Subsequent expenditure on tangible fixed assets is capitalised to the extent that it provides an enhancement to the economic benefits of the asset above its previously assessed standard of performance. All other subsequent expenditure is charged to the profit and loss account as incurred.

Properties are revalued annually on the basis of an existing use value, except to the extent that they are surplus to requirements when an open market value basis is used.

Revaluation gains are recognised in the profit and loss account only to the extent that they reverse losses on the same asset that were previously recognised in the profit and loss account. All other revaluation gains are recognised in the revaluation reserve.

Revaluation losses caused by a consumption of economic benefits are recognised in the profit and loss account. Other revaluation losses are taken to the revaluation reserve until the carrying amount equates to the depreciated historic cost. Thereafter, revaluation losses are recognised in the profit and loss account.

Accounting Policies

(E) INVESTMENTS

Fixed asset investments, excluding investments in subsidiaries, are stated at cost less impairment. Current asset investments are stated at the lower of cost and market value. Income from investments is included in the Group profit and loss account as declared and, where the Group's interest has arisen within its core businesses, such income is included within the Group's operating results.

(F) DEPRECIATION

Tangible assets, including freehold properties but excluding land, are depreciated at appropriate rates on a straight-line basis to write down the cost or valuation of assets to residual value over their estimated useful lives, making due allowance for obsolescence in addition to normal wear and tear.

Depreciation, except in the case of land with a book value of approximately £2.5 million which is not depreciated, is provided on the basis that the estimated useful lives of assets are:

Offices and depot buildings	*20 to 50 years*
Vehicles, plant and machinery	*3 to 10 years*

(G) GOODWILL

Prior to 1 January 1998 goodwill has been written off to reserves and will be charged to the profit and loss account on the subsequent disposal of the business to which it relates. Since that date it has been capitalised and written off over 20 years, which in the opinion of the Directors, represents its useful economic life.

Goodwill capitalised on the acquisition of M40 Trains Limited is being written off over the remaining length of the current license to operate.

(H) TAXATION

The amount included for taxation takes into account taxation deferred because of timing differences in the treatment of certain items for taxation and accounting purposes. Provision for deferred taxation is not made unless there is reasonable evidence that it will be payable or receivable in the foreseeable future.

Deferred taxation is not provided in respect of liabilities which might arise on the distribution of retained profits of overseas subsidiaries, joint ventures and associates, except where distributions of such profits are planned.

(I) LONG-TERM CONTRACTS

Profits on long-term contracts are calculated in accordance with industry standard accounting practice and do not therefore relate directly to turnover. Profit on current contracts is only taken at a stage near enough to completion for that profit to be reasonably certain. Provision is made for all losses incurred to the accounting date together with any further losses that are foreseen in bringing contracts to completion.

Amounts recoverable on contracts which are included in debtors are stated at cost, plus attributable profit to the extent that this is reasonably certain after making provision for contingencies, less any losses incurred or foreseen in bringing contracts to completion, and less amounts received as progress payments. Costs for this purpose include valuation of all work done by subcontractors, whether certified or not, and all overheads other than those relating to the general administration of the relevant companies. For any contracts where receipts exceed the book value of work done, the excess is included in creditors as payments on account.

Accounting Policies

(J) FINANCE DEBTORS AND AMOUNTS RECOVERABLE ON CONTRACTS

Private finance initiative (PFI) projects are assessed as to where the benefits and risks associated with the asset are to be realised. These assets are accordingly disclosed in the balance sheet as either; fixed assets at cost and depreciated, or as amounts recoverable on contracts while in construction and reclassified to finance lease debtors when operational. In this case income is allocated to interest receivable and turnover using a constant margin on costs and the remainder allocated to the finance lease debtor.

(K) LAND AND DEVELOPMENTS

Where development property is not being actively developed, net rental income and finance costs are taken to the profit and loss account.

(L) STOCKS AND WORK IN PROGRESS

Stocks and work in progress are stated at the lower of cost, including production overheads, and net realisable value.

(M) FOREIGN CURRENCIES

Translations into sterling are made at the average of rates ruling throughout the year for profit and loss account items and at the rates ruling at 31 December for assets and liabilities.

Exchange differences arising in the ordinary course of trading are reflected in the profit and loss account; those arising on translation of net equity are dealt with as a movement in reserves.

(N) PENSION COSTS AND POST RETIREMENT BENEFITS

These are provided systematically over the average remaining future service lives of employees (see note 5). Differences between the amounts charged in the profit and loss account and payments made are treated as assets or liabilities in the balance sheet. Deferred taxation is accounted for on these assets and liabilities.

(O) LEASES

Payments under operating leases are charged wholly to the profit and loss account on a straight-line basis over the lease term.

(P) INTEREST

Project specific interest is capitalised. Interest costs incurred on borrowings to fund the construction of PFI assets are capitalised during the construction period. Capitalisation ceases once the additions have been commissioned.

Notes to the Accounts

1. SECTOR ANALYSIS

		Turnover 2001 £ million	Turnover 2000 £ million	Profit on ordinary activities before interest 2001 £ million	Profit on ordinary activities before interest 2000 £ million	Net assets* 2001 £ million	Net assets* 2000 £ million
ACTIVITY							
Homes		**550.7**	567.7	**56.1**	64.3	**308.0**	292.3
Investments		**219.1**	91.4	**83.2**	27.4	**266.4**	45.1
Property development		**71.2**	61.1	**9.7**	13.2	**39.9**	26.5
Construction		**548.2**	854.2	**(128.1)**	(88.9)	**(55.7)**	(73.2)
Group management/general		**–**	–	**(13.3)**	(4.3)	**(16.0)**	(19.6)
		1,389.2	1,574.4	**7.6**	11.7	**542.6**	271.1
ACTIVITY							
Homes	– Group	**359.6**	340.3	**47.7**	50.6	**260.4**	217.3
	– Joint venture	**81.4**	215.4	**0.9**	11.9	**–**	61.6
	– Associates	**109.7**	12.0	**7.5**	1.8	**47.6**	13.4
		550.7	567.7	**56.1**	64.3	**308.0**	292.3
Investments	– Group	**120.7**	60.2	**59.5**	22.0	**173.9**	23.6
	– Joint ventures	**96.8**	30.4	**23.2**	5.0	**88.4**	17.2
	– Associate	**1.6**	0.8	**0.5**	0.4	**4.1**	4.3
		219.1	91.4	**83.2**	27.4	**266.4**	45.1
Property	– Group	**68.0**	60.5	**8.5**	12.6	**31.0**	21.5
	– Joint venture	**3.2**	0.6	**1.2**	0.6	**8.9**	5.0
		71.2	61.1	**9.7**	13.2	**39.9**	26.5
Construction	– Group	**547.0**	850.7	**(127.8)**	(88.5)	**(56.4)**	(74.8)
	– Joint ventures	**1.2**	3.5	**(0.3)**	(0.4)	**0.7**	1.6
		548.2	854.2	**(128.1)**	(88.9)	**(55.7)**	(73.2)
Group management/general		**–**	–	**(13.3)**	(4.3)	**(16.0)**	(19.6)
TOTAL	**– GROUP**	**1,095.3**	1,311.7	**(25.4)**	(7.6)	**392.9**	168.0
	– JOINT VENTURES	**182.6**	249.9	**25.0**	17.1	**98.0**	85.4
	– ASSOCIATES	**111.3**	12.8	**8.0**	2.2	**51.7**	17.7
		1,389.2	1,574.4	**7.6**	11.7	**542.6**	271.1

** Group assets exclude cash of £33.8 million (2000 – £80.7 million), net of total borrowings (see note 23a, d) of £310.7 million (2000 – £110.7 million).*

Notes to the Accounts

1. SECTOR ANALYSIS (continued)

		Turnover		Profit on ordinary activities before interest		Net assets*	
		2001 £ million	2000 £ million	**2001 £ million**	2000 £ million	**2001 £ million**	2000 £ million
GEOGRAPHIC AREA							
United Kingdom	– Group	**1,059.1**	1,221.4	**(75.2)**	(34.5)	**375.8**	158.9
	– Joint ventures	**97.3**	31.0	**23.2**	4.4	**94.3**	22.2
	– Associate	**21.7**	12.0	**2.5**	1.8	**14.8**	13.4
		1,178.1	1,264.4	**(49.5)**	(28.3)	**484.9**	194.5
Rest of Europe	– Group	**3.5**	9.1	**56.0**	26.7	**(0.5)**	0.1
	– Joint ventures	**2.7**	–	**1.2**	–	**3.0**	–
		6.2	9.1	**57.2**	26.7	**2.5**	0.1
Middle East	– Group	**30.4**	77.7	**(3.4)**	2.6	**0.1**	(5.1)
	– Joint ventures	**1.2**	3.5	**(0.3)**	0.8	**0.7**	1.6
		31.6	81.2	**(3.7)**	3.4	**0.8**	(3.5)
America	– Group	**–**	–	**(3.1)**	(0.6)	**2.3**	(1.3)
	– Joint venture	**81.4**	215.4	**0.9**	11.9	**–**	61.6
	– Associate	**88.0**	–	**5.0**	–	**32.8**	–
		169.4	215.4	**2.8**	11.3	**35.1**	60.3
S.E. Asia	– Group	**2.3**	3.5	**0.3**	(1.8)	**15.2**	15.4
	– Associate	**1.6**	0.8	**0.5**	0.4	**4.1**	4.3
		3.9	4.3	**0.8**	(1.4)	**19.3**	19.7
		1,389.2	1,574.4	**7.6**	11.7	**542.6**	271.1

** Group assets exclude cash of £33.8 million (2000 – £80.7 million), net of total borrowings (see note 23a, d) of £310.7 million (2000 – £110.7 million).*

Profit on ordinary activities before interest includes the following exceptional charges in respect of:

	2001 £ million	2000 £ million
GROUP MANAGEMENT		
Restructuring costs		
Head office reorganisation	**2.0**	–
Debt restructuring costs	**6.7**	–
	8.7	–
CONSTRUCTION		
Loss on disposal of the Construction Division*	**33.6**	–
Reorganisation	**–**	15.1
	33.6	15.1

** Loss on disposal of the Construction Division includes £2.1 million of goodwill which was previously taken to reserves.*

Notes to the Accounts

1. SECTOR ANALYSIS (continued)

	Continuing £ million	Discontinued £ million	Total £ million
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST			
ACTIVITY:			
Homes	56.1	–	56.1
Investments	83.2	–	83.2
Property development	9.7	–	9.7
Construction	–	(128.1)	(128.1)
Group management/general	(13.3)	–	(13.3)
	135.7	(128.1)	7.6
TURNOVER			
ACTIVITY:			
Homes	550.7	–	550.7
Investments	219.1	–	219.1
Property development	71.2	–	71.2
Construction	1.4	546.8	548.2
	842.4	546.8	1,389.2

2. OPERATING LOSS

	2001 £ million	2000 £ million
Operating loss is stated after charging:		
Auditors' remuneration in respect of audit services	0.6	0.9
Other fees paid to auditors and their associates:		
Refinancing of the Group	2.5	–
Other	0.2	0.5
Depreciation	11.9	9.8
Amortisation of goodwill arising on acquisitions	1.4	1.3
Payments under operating leases:		
Rentals of land and buildings	2.2	4.0
Rentals of plant and machinery	12.9	18.4

Included in the auditors' remuneration is an amount in respect of the Company of £0.3 million (2000 – £0.2 million).

Loss on disposal of the Construction Division includes fees paid to the auditors and their associates of £0.9 million.

Notes to the Accounts

3. PROFIT ON DISPOSAL OF AND AMOUNTS WRITTEN OFF INVESTMENTS, OPERATIONS AND OTHER FIXED ASSETS

	2001 Disposals and amounts written off £ million	2001 Disposal of operations £ million	2001 Total £ million	2000 £ million
HOMES				
Reduction of interest in joint ventures	**(3.5)**	**–**	**(3.5)**	–
INVESTMENTS				
Impairment in value of investments	**(4.8)**	**–**	**(4.8)**	(2.8)
Profit on sale of investments	**56.4**	**–**	**56.4**	30.7
PROPERTY				
Profit on sale of properties	**3.1**	**–**	**3.1**	1.4
Profit before loss on sale of operation	**51.2**	**–**	**51.2**	29.3
CONSTRUCTION				
Sale of the Construction Division*	**–**	**(33.6)**	**(33.6)**	–
	51.2	**(33.6)**	**17.6**	29.3

** Loss on disposal of Construction Division includes £2.1 million of goodwill which was previously taken to reserves.*

4. DIRECTORS AND EMPLOYEES

EMPLOYEES	2001 £ million	2000 £ million
Employee costs, including Directors emoluments, comprise:		
Wages and salaries	**108.0**	169.7
Social security costs	**5.6**	11.9
Other pension charge/(credit)	**0.5**	(11.3)
	114.1	170.3

	2001 Continuing No.	2001 Discontinued No.	2001 Total No.	2000 No.
Average employee numbers:				
Staff – monthly paid	**1,756**	**1,488**	**3,244**	4,112
Operatives – weekly paid	**238**	**2,174**	**2,412**	3,617
	1,994	**3,662**	**5,656**	7,729
UK	**1,991**	**2,277**	**4,268**	5,234
Overseas	**3**	**1,385**	**1,388**	2,495
	1,994	**3,662**	**5,656**	7,729

A detailed analysis of Directors' remuneration is set out within the Directors' Report on pages 6 to 8.

Notes to the Accounts

5. PENSIONS AND MEDICAL INSURANCE

The Group operates a number of pension schemes, which are of the defined benefit type. The assets of these schemes are held in separate trustee administered funds. Contributions to the schemes are assessed in accordance with the advice of a qualified actuary using the projected unit funding method for the schemes that are open to new entrants and the attained age funding method for the scheme that is closed to new entrants.

The element of pension costs relating to John Laing plc schemes and the fund are disclosed in these accounts as derived from the formal triennial valuations of the schemes at 31 March 1999 which were reviewed at 28 February 2001. The principal assumptions underlying this valuation for accounting purposes were that the return on the schemes' investments would average 7.0% a year in future, salaries would increase at the rate of 4.0% a year and that RPI would average 2.5% a year. The method and assumptions employed in the valuations used to determine the funding policy differ from those used under SSAP 24. In particular, for the 1999 funding valuations, the asset value adopted was an actuarial value, the salary increase assumption was assumed to be 5% a year for the Fund and 6% a year for the Plan and the RPI assumption was 3% a year for both the Fund and the Plan. The pension costs relating to M40 Trains Limited schemes are derived from the full actuarial valuation as at 31 December 1998 and updated to 5 January 2002 by a qualified independent actuary.

There were no pension contributions made by the Company over the accounting period. The Group pension cost for accounting purposes was £0.5 million (2000 – £10.7 million). This included £0.1million associated with a defined contribution scheme operated by a subsidiary company. As a result the prepayment in respect of the amortisation of surpluses that are being recognised over the remaining service lives of employees reduced to £27.5 million (2000 – £27.9 million).

At the date of the last formal actuarial valuation, the market value of the assets of the schemes was £651.0 million and the actuarial value of those assets represented 120% of the benefits that had accrued to members.

FRS 17 Interim Disclosure Requirements

The following information has been included to comply with the interim disclosure requirements of FRS 17 'Retirement Benefits'.

Composition of the Plan

John Laing plc operates two defined benefit schemes in the UK – The John Laing Pension Fund and The John Laing Pension Plan. Full actuarial valuations of both schemes were carried out on 31 March 1999 and were updated to 31 December 2001 by a qualified independent actuary. Both schemes are now closed to new members. Therefore, under the Projected Unit method of valuation, the current service cost will increase as a percentage of pensionable payroll as the members approach retirement.

M40 Trains Limited operates two defined benefit schemes for the benefit of employees and Executive Directors.

Assumptions

The major assumptions used by the actuary were (in nominal terms):

	John Laing plc 31December 2001 %	M40 Trains Limited 5 January 2002 %
Rate of increase in salaries	**3.75**	**4.00**
Rate of increase in non-GMP pensions in payment	**2.25**	**2.50**
Rate of increase in non-GMP pensions in deferment	**2.25**	**2.50**
Discount rate	**6.00**	**5.75**
Inflation assumption	**2.25**	**2.50**

Notes to the Accounts

5. PENSIONS AND MEDICAL INSURANCE (continued)

The combined assets of the schemes and the expected rates of return were as set out below:

	John Laing plc		M40 Trains Limited	
	Long-term annual rate of return expected at 31 December 2001 %	Value at 31 December 2001 £000	The Chiltern Railway Company Limited 5 January 2002 £000	The Chiltern Railway Company (maintenance) Section 5 January 2002 £000
Bonds	5.00	160,000	2,100	400
Equities	7.50	377,500	18,600	3,600
Cash	5.00	16,000	–	–
Property	7.50	53,600	1,100	200
TOTAL MARKET VALUE OF ASSETS		607,100	21,800	4,200
ACTUARIAL VALUE OF LIABILITY		(589,400)	(22,500)	(3,500)
SURPLUS/(DEFICIT) IN THE PLAN		17,700	(700)	700
NET PENSION ASSET/(LIABILITY) BEFORE DEFERRED TAXATION		12,800	(400)	500
DEFERRED TAXATION		(3,840)	120	(150)

The Company net pension asset of £12,800,000 before deferred taxation as shown above differs from the surplus of £17,700,000 due to an amount of £4,900,000 of the surplus in the John Laing Pension Plan being deemed irrecoverable.

The M40 Trains Limited assets shown above differ from the (deficit)/surplus due to the share allocated to members of the schemes.

The Group's pension asset calculated in line with SSAP 24 is £27.5 million before deferred taxation. The Group FRS 17 pension asset is £12.9 million, primarily as a result of marking to market the assets of the schemes as at 31 December 2001.

6. OTHER OPERATING INCOME

	2001 Continuing £ million	2001 Discontinued £ million	2001 Total £ million	2000 £ million
Dividends from investments:				
Listed	1.2	–	1.2	0.1
Unlisted	1.6	–	1.6	0.3
Indexation:				
Listed debenture stock	0.1	–	0.1	0.1
	2.9	–	2.9	0.5

Notes to the Accounts

7. GROUP INTEREST

	2001 £ million	2000 £ million
Group interest payable includes the following:		
Write-off of brought forward loan arrangement fees	**0.4**	–
Amortisation of loan arrangements fees	**0.2**	–
Accrual of 'make whole' charges on loan notes	**0.2**	–

8. TAXATION

	2001 Current £ million	2001 Prior year £ million	2001 Total £ million	2000 £ million
The taxation charge comprises:				
Group UK corporation tax at 30% (2000 – 30%)	**(3.7)**	**0.7**	**(3.0)**	0.5
Overseas tax	**(0.7)**	**0.4**	**(0.3)**	(3.9)
Deferred tax	**(6.3)**	**0.7**	**(5.6)**	1.3
Associates	**(0.5)**	**–**	**(0.5)**	(0.6)
Joint ventures	**(2.7)**	**–**	**(2.7)**	(0.1)
	(13.9)	**1.8**	**(12.1)**	(2.8)

An explanation as to how the taxation charge arises is included in the Financial Review.

9. DIVIDENDS

	2001 £ million	2000 £ million
The following have been paid or are proposed:		
EQUITY		
On Ordinary Shares:		
Interim – paid 3.3 pence per share (2000 – 4.5 pence)	**3.3**	4.3
Final – proposed 4.3 pence per share (2000 – 8.5 pence)	**7.5**	8.2
	10.8	12.5
NON-EQUITY		
On 6.4% convertible cumulative preference shares	**2.5**	2.6
	13.3	15.1

Included within the non-equity dividend is an accrual of £0.4 million (2000 – £0.4 million).

Notes to the Accounts

10. CALCULATION OF EARNINGS PER SHARE

	2001 Basic	2001 Diluted	2000 Basic	2000 Diluted
Earnings per share	(33.9)	(33.9)	0.4*	0.4*
Basis of calculation				
(Loss)/profit attributable to shareholders	(37.4)	(37.4)	2.9	2.9
Preference dividends	(2.5)	–	(2.6)	–
(Loss)/profit after tax and preference dividends	(39.9)	(37.4)	0.3	2.9
Weighted average number of shares	117.7	117.7	103.4*	103.4*
Weighted average number of warrants adjusted for issue of shares @ fair value	–	6.2	–	–*
Weighted average number of options adjusted for issue of shares at fair value	–	0.4	–	0.3*
Weighted average number of unexercised preference share conversions	–	13.4	–	14.5*
Weighted average number of shares used for EPS	117.7	137.7	103.4*	118.2*

Earnings per share have been calculated by reference to 117.7 million basic and diluted, being the average number of shares in issue during the year. Options and convertible preference shares totalling 20.0 million shares have been excluded from the calculation as they are anti-dilutive.

** Restated for the issue of new Ordinary Shares on 26 November 2001.*

11. RECOGNISED GAINS AND LOSSES

	2001 £ million	2000 £ million
Total gains recognised in the year:		
Group	(55.1)	(14.7)
Joint ventures	12.5	13.8
Associates	4.6	1.1
	(38.0)	0.2

12. INTERESTS IN SUBSIDIARY UNDERTAKINGS

	2001 Investments £ million	2001 Loans £ million	2001 Total £ million	2000 £ million
Included as fixed assets				
At 1 January	307.1	87.3	394.4	397.3
Revaluations	(110.2)	–	(110.2)	(14.4)
Reclassification*	(23.0)	–	(23.0)	–
Additions less disposals at valuation	(10.8)	–	(10.8)	5.0
Movements in loans to subsidiary undertakings	–	1.8	1.8	6.5
At 31 December	163.1	89.1	252.2	394.4
Included as current assets				
At 1 January	–	–	–	–
Reclassification*	23.0	–	23.0	–
At 31 December	23.0	–	23.0	–

** Reclassification of Laing Property Developments Limited.*

Notes to the Accounts

12. INTERESTS IN SUBSIDIARY UNDERTAKINGS (continued)

Short-term trading balances with subsidiaries are included separately in the parent company balance sheet in debtors or creditors as appropriate.

The Group's principal subsidiaries, associated undertakings, joint ventures and joint arrangements at 31 December 2001 are listed on pages 51 and 52. To avoid particulars of excessive length the names are omitted of a number of companies which did not significantly affect the profitability or assets of the Group. Subsidiaries, associated undertakings, joint ventures and joint arrangements in respect of which the Group's share of assets employed totals £195.6 million, are audited by firms of accountants other than the parent company auditors.

13. TANGIBLE ASSETS

	Land and buildings					
	Freehold £ million	Leasehold 50 years or more £ million	Leasehold less than 50 years £ million	PFI assets in construction £ million	Vehicles, plant and machinery £ million	Total £ million
ORIGINAL COST/VALUATION						
At 1 January 2001	**11.1**	**4.2**	**1.4**	**–**	**76.0**	**92.7**
Foreign exchange adjustments	**0.6**	**–**	**(0.6)**	**–**	**0.3**	**0.3**
Acquisition	**–**	**–**	**–**	**156.6**	**0.2**	**156.8**
Additions	**1.1**	**–**	**1.0**	**31.5**	**8.9**	**42.5**
Disposals – sale of assets	**(2.7)**	**–**	**–**	**–**	**(11.8)**	**(14.5)**
– businesses	**(2.8)**	**(0.7)**	**–**	**(123.0)**	**(55.8)**	**(182.3)**
Revaluation	**–**	**0.1**	**(0.2)**	**–**	**–**	**(0.1)**
	7.3	**3.6**	**1.6**	**65.1**	**17.8**	**95.4**
At 31 December 2001						
Cost	**–**	**–**	**–**	**65.1**	**17.8**	**82.9**
Valuation	**7.3**	**3.6**	**1.6**	**–**	**–**	**12.5**
	7.3	**3.6**	**1.6**	**65.1**	**17.8**	**95.4**
ACCUMULATED DEPRECIATION						
At 1 January 2001	**–**	**–**	**–**	**–**	**51.2**	**51.2**
Foreign exchange adjustments	**0.2**	**–**	**(0.1)**	**–**	**0.2**	**0.3**
Charge for the year	**0.3**	**0.1**	**0.3**	**1.2**	**10.0**	**11.9**
Disposals – sale of assets	**–**	**–**	**–**	**–**	**(3.9)**	**(3.9)**
– businesses	**(0.5)**	**(0.1)**	**–**	**(1.2)**	**(45.4)**	**(47.2)**
At 31 December 2001	**–**	**–**	**0.2**	**–**	**12.1**	**12.3**
NET BOOK VALUE AT 31 DECEMBER 2001						
COST	**–**	**–**	**–**	**65.1**	**5.7**	**70.8**
VALUATION	**7.3**	**3.6**	**1.4**	**–**	**–**	**12.3**
	7.3	**3.6**	**1.4**	**65.1**	**5.7**	**83.1**
Net book value at 31 December 2000	11.1	4.2	1.4	–	24.8	41.5

Notes to the Accounts

13. TANGIBLE ASSETS (continued)

Land and buildings utilised by the Group as business premises are included at an existing use value carried out at 31 December 2001 by officers of the Group. Those land and buildings which are surplus to the Group's requirements are included at an open market value at the same date. There is no material difference between the existing use value and the open market value. In the opinion of the Directors there would be no tax payable if all properties were realised at these values.

The net book value of land and buildings includes £12.3 million (2000 – £16.7 million) at valuation. Had these assets been included at historical cost the corresponding values would have been £8.9 million (2000 – £13.1 million). The depreciation charge on an historical cost accounting basis would have been £0.1 million (2000 – £0.1 million) higher than the actual depreciation charge included in the accounts.

Included in PFI assets in construction, are capitalised finance costs of £7.4 million.

14. INVESTMENTS

	Joint ventures and associated undertakings							
	Equity £ million	Loans £ million	Goodwill £ million	Fair value adjustment £ million	Post acquisition reserves £ million	Total £ million	Other investments £ million	Total £ million
AT 1 JANUARY 2001								
Listed	–	–	–	–	–	–	10.0	10.0
Unlisted	47.2	21.2	4.2	4.2	26.3	103.1	18.0	121.1
Shares and loans at net book value	47.2	21.2	4.2	4.2	26.3	103.1	28.0	131.1
MOVEMENTS IN THE YEAR								
Acquisitions/additions	4.2	37.5	–	45.5	(2.4)	84.8	5.7	90.5
Disposals/repayment	(1.6)	(8.4)	–	(4.7)	(0.4)	(15.1)	(8.6)	(23.7)
Reclassification	(0.8)	2.2	–	(1.4)	(0.1)	(0.1)	–	(0.1)
Investment in Octagon Group Limited	5.5	–	(3.4)	–	(5.0)	(2.9)	–	(2.9)
Disposal and distribution from WL Homes	(28.0)	21.3	–	–	(26.6)	(33.3)	–	(33.3)
Increase/(decrease) in value	(2.3)	(1.3)	–	–	–	(3.6)	(1.8)	(5.4)
Variations in retained profits/(losses)	–	–	–	–	14.0	14.0	–	14.0
Exchange	–	(0.8)	–	–	3.6	2.8	(0.6)	2.2
	(23.0)	50.5	(3.4)	39.4	(16.9)	46.6	(5.3)	41.3
AT 31 DECEMBER 2001								
Listed	–	–	–	–	–	–	6.0	6.0
Unlisted	24.2	71.7	0.8	43.6	9.4	149.7	16.7	166.4
Shares and loans at net book value	24.2	71.7	0.8	43.6	9.4	149.7	22.7	172.4

Reclassification of assets arises on the acquisition of Hyder Investments Limited, which included additional shares of existing Group joint ventures. This resulted in a number of joint ventures being reclassified as subsidiary undertakings. In addition there has been an adjustment to the fair value on the acquisition of Gorodok Pty Limited, which took place during the year ended 31 December 2001.

On 22 June 2001, the Group reduced its interest in WL Homes LLC from 50% to 22.5% as part of a financial reorganisation which resulted in consideration of £33.3 million of cash and US$30 million in 12% Preferred Equity being received. After costs the Group made a loss of £3.5 million on the transaction.

On 23 July 2001, the Group increased its interest in Octagon Group Limited from 20% to 30%. Consideration of £0.4 million was paid in respect of this.

Notes to the Accounts

14. INVESTMENTS (continued)

Severn River Crossing Plc

Listed investments include the Group's interest in the debentures and 35% of the equity of Severn River Crossing Plc (SRC). The Group's principal interest in this company arises from its membership of a joint arrangement to construct the second Severn river crossing, the concession to operate which is held by SRC. SRC also holds the concession to operate the first Severn river crossing; both concessions will be handed back to the Government when pre-determined revenue levels have been achieved.

SRC has committed funding, provided principally by banks and financial institutions, on which there is no recourse to the Group. The Group has no obligation to provide any further funds to SRC.

In view of the nature of the Group's interest in the company, and the fact that the company is unlikely to be able to distribute any material profits for a significant period, the Directors believe it would be misleading for the Group to account for its interest in SRC on an equity accounting basis. The investment is therefore included at cost plus indexation amounting to £4.7 million (2000 – £4.6 million) and interest received thereon is taken to profit and loss account at £0.3 million for 2001 (2000 – £0.3 million). During the year ended 31 December 2001 the Group has also recognised £0.1 million of additional value on its initial investment of £4.4 million in 6% index linked debenture stock. This additional value is attributed to the indexation element on the return and is included within other income.

If the investment had been accounted for as an associate the Group's share of the reported pre-tax profit of SRC for 2000 would have been £2.6 million (2000 – £0.02 million loss) and the Group's investment would have been stated at £26.0 million (2000 – £23.5 million).

Other listed investments

The market value of listed investments at 31 December 2001 was £7.0 million (2000 – £52.2 million) of which £5.2 million (2000 – £5.0 million) is listed on the London Stock Exchange. If these investments had been sold at market value on 31 December 2001, this would have given rise to a tax charge of £0.2 million. No deferred tax provision has been included in respect of the potential tax charge that would have arisen.

Unlisted investments

The Directors are of the opinion that the total value of unlisted investments is not less than their net book value of £16.7 million.

Investments in joint ventures and associates

	2001 Modus Services plc joint venture £ million	2001 Other joint ventures £ million	2001 Total joint ventures £ million	2001 Total associates £ million	2001 Total £ million
Turnover	**21.7**	**160.9**	**182.6**	**111.3**	**293.9**
Profit before tax	**8.1**	**3.6**	**11.7**	**5.5**	**17.2**
Taxation	**(2.4)**	**(0.3)**	**(2.7)**	**(0.5)**	**(3.2)**
Profit after tax	**5.7**	**3.3**	**9.0**	**5.0**	**14.0**
Fixed assets	**58.3**	**231.1**	**289.4**	**8.6**	**298.0**
Intangible assets	**–**	**–**	**–**	**6.1**	**6.1**
Fair value adjustments	**14.2**	**28.7**	**42.9**	**0.7**	**43.6**
Current assets	**24.1**	**320.1**	**344.2**	**136.6**	**480.8**
Total liabilities – less than one year	**(3.7)**	**(51.7)**	**(55.4)**	**(65.1)**	**(120.5)**
– greater than one year	**(72.6)**	**(443.8)**	**(516.4)**	**(34.5)**	**(550.9)**
Provisions	**(1.8)**	**(4.9)**	**(6.7)**	**(0.7)**	**(7.4)**
	18.5	**79.5**	**98.0**	**51.7**	**149.7**

Intangible assets includes £0.8 million of unamortised goodwill.

Notes to the Accounts

14. INVESTMENTS (continued)

	2000 WL Homes joint venture £ million	2000 Other joint ventures £ million	2000 Total joint ventures £ million	2000 Total associates £ million	2000 Total £ million
Turnover	215.4	34.5	249.9	12.8	262.7
Profit before tax	12.8	0.2	13.0	1.8	14.8
Taxation	–	(0.1)	(0.1)	(0.6)	(0.7)
Profit after tax	12.8	0.1	12.9	1.2	14.1
Fixed assets	–	135.4	135.4	9.4	144.8
Goodwill	–	–	–	4.2	4.2
Fair value adjustments	–	1.0	1.0	3.2	4.2
Current assets	168.9	152.9	321.8	17.4	339.2
Total liabilities – less than one year	(107.3)	(55.4)	(162.7)	(8.5)	(171.2)
– greater than one year	–	(208.3)	(208.3)	(7.3)	(215.6)
Provisions	–	(1.8)	(1.8)	(0.7)	(2.5)
	61.6	23.8	85.4	17.7	103.1

15. STOCKS AND WORK IN PROGRESS

	31 December 2001 £ million	31 December 2000 £ million
Work in progress	**1.9**	–
Raw materials and consumables	**0.7**	2.8
	2.6	2.8

The land and developments disclosed separately in the balance sheet represent land and related construction costs in respect of residential and commercial properties held for, or in the course of, development.

Notes to the Accounts

16. DEBTORS

	31 December 2001 Group £ million	31 December 2001 Parent Company £ million	31 December 2000 Group £ million	31 December 2000 Parent Company £ million
Due within one year:				
Finance debtor	**0.3**	**–**	–	–
Amounts recoverable on contracts	**6.3**	**–**	96.2	–
Trade debtors	**59.2**	**0.3**	56.1	0.2
Amounts owed by subsidiary undertakings	**–**	**294.8**	–	103.3
Amounts owed by associated undertakings and joint ventures	**0.4**	**–**	0.5	–
Prepayments and accrued income	**8.5**	**–**	9.7	–
Taxation	**7.0**	**–**	5.2	3.5
	81.7	**295.1**	167.7	107.0
Due after more than one year:				
Finance debtor	**19.1**	**–**	–	–
Amounts recoverable on PFI contracts	**43.6**	**–**	5.3	–
Trade debtors	**4.1**	**–**	1.6	–
Pension prepayment	**27.5**	**–**	27.9	–
	94.3	**–**	34.8	–

There are no outstanding loans to officers and managers of the parent company (1999 – £nil).

	Provided at 31 December 2001 £ million	Provided at 31 December 2000 £ million	Not provided at 31 December 2001 £ million	Not provided at 31 December 2000 £ million
DEFERRED TAX (INCLUDED IN TAXATION BALANCE IN 2000 ABOVE)				
GROUP				
Excess of capital allowances over depreciation	**–**	4.9	**–**	(0.5)
Short-term timing differences	**–**	(4.5)	**–**	2.3
	–	0.4	**–**	1.8
COMPANY				
Short-term timing differences	**–**	3.5	**–**	–

17. SHORT-TERM INVESTMENTS

	31 December 2001 £ million	31 December 2000 £ million
At cost or net realisable value:		
Listed – London Stock Exchange	**2.2**	2.2

The market value of listed investments at 31 December 2001 was £2.2 million (2000 – £2.2 million).

Notes to the Accounts

18. CASH AT BANK AND IN HAND

Cash balances at 31 December 2001 include a rail season ticket fund bond of £3.4 million (2000 – £3.2 million), cash of £8.8 million (2000 – nil) held by non-recourse project finance companies and £15.1 million (2000 – £23.4 million) which is held in the Group's captive insurance company and is not immediately available.

19. OTHER CREDITORS

	31 December 2001		31 December 2000	
	Group £ million	Parent Company £ million	Group £ million	Parent Company £ million
Due within one year:				
Trade creditors and subcontractor accruals	129.1	–	238.2	–
Payments on account	16.1	–	76.4	–
Amounts owed to subsidiary undertakings	–	96.8	–	126.0
Amounts owed to associated undertakings and joint ventures	1.8	–	3.0	–
Social security contributions	0.9	–	1.4	–
Taxation on profits	11.4	0.2	11.4	0.2
Other taxation	2.0	–	3.5	–
Dividends proposed	7.9	7.9	8.7	8.7
Accruals and deferred income	24.6	1.7	34.9	3.4
	193.8	106.6	377.5	138.3
Due after more than one year:				
Trade creditors and subcontractor accruals	19.5	–	23.3	–
Accruals and deferred income	–	–	0.3	–
	19.5	–	23.6	–

Trade creditors include deferred payments for development land of £34.5 million (2000 – £7.2 million) secured by bank guarantee and charges on land, also included within trade creditors is £30.6 million (2000 – £12.5 million) being amounts due on land contracts exchanged unconditionally.

20. PROVISIONS FOR LIABILITIES AND CHARGES

GROUP	At 1 January 2001 £ million	Reclassified from/(to) creditors £ million	Additions due to acquisitions £ million	Charged/(released) to profit and loss account £ million	Utilised £ million	At 31 December 2001 £ million
Self insurance	17.0	–	–	2.5	–	19.5
Indemnified contracts cost to complete	–	28.0	–	44.2	(15.2)	57.0
Medical insurance	2.3	–	–	–	–	2.3
Deferred taxation	–	–	0.1	9.6	–	9.7
Reorganisation costs	4.9	–	–	2.0	(4.9)	2.0
Remediation work	3.0	–	–	(2.5)	–	0.5
Legal costs	0.8	–	–	(0.4)	–	0.4
Customer service	2.6	–	–	5.2	(4.9)	2.9
Make whole	–	–	–	0.2	–	0.2
Onerous lease	1.1	(0.5)	–	0.1	(0.4)	0.3
Total	31.7	27.5	0.1	60.9	(25.4)	94.8

If the above, the Company's provision for liabilities and charges consist of the £0.2 million 'make whole' provision.

Notes to the Accounts

20. PROVISIONS FOR LIABILITIES AND CHARGES (continued)

SELF INSURANCE provisions are calculated using historic data, and it is expected to take some years to completely assess the liability.

INDEMNIFIED CONTRACTS COST TO COMPLETE are assessed regularly on a contract by contract basis and are expected to be utilised during the next three years.

MEDICAL INSURANCE provisions are in respect of post-retirement healthcare.

DEFERRED TAXATION provisions are reviewed with regard to changing legislation and contract positions (see below).

REORGANISATION COST provisions are expected to be utilised during 2002.

REMEDIATION WORK provisions are specific to contracts and housing developments and may take some years to utilise.

LEGAL COST provisions are expected to be utilised depending upon the progress of each specific case.

CUSTOMER SERVICE cost provisions are calculated on a statistical basis and are generally utilised within one year.

'MAKE WHOLE' provision allows for the contracted early redemption of part of the US dollar loan notes as set out in notes 22 and 23e and is accrued over the period to 30 September 2003.

ONEROUS LEASE costs will be utilised over the four-year remaining life of the lease.

	Provided at 31 December		Not provided at 31 December	
Deferred taxation	**2001 £ million**	2000 £ million	**2001 £ million**	2000 £ million
Excess of capital allowances over depreciation	**0.6**	–	**0.5**	–
Short-term timing differences	**9.1**	–	**–**	–
	9.7	–	**0.5**	–

21. TRANSACTIONS WITH RELATED PARTIES

	2001 Joint ventures and associates £ million	2000 Joint ventures and associates £ million
SALES OF GOODS AND SERVICES TO RELATED PARTIES:		
Construction services and materials	**–**	113.8
Staff	**0.5**	4.3
Management services	**1.2**	1.7
Plant hire	**–**	0.1
	1.7	119.9
Balances due from/(to) related parties:		
Debtors	**0.4**	0.5
Creditors	**(1.8)**	(3.0)
	(1.4)	(2.5)

Details of loans to and equity investments in associated undertakings are set out in note 14. During the year, arm's length transactions for the sale of construction services materials and houses totalling £1.1 million, have been undertaken with Directors, officers and related parties.

The information is not available for transactions between the Construction Division and the rest of the Group due to the sale of the Construction business.

Notes to the Accounts

21. TRANSACTIONS WITH RELATED PARTIES (continued)

These included the following:

	£	
Directors		
Sir Martin Laing and immediate family	174,423	General refurbishment and redecoration
The immediate family of R S Lidgate	124,950	Purchase of a property from Laing Homes

22. GUARANTEES, CONTINGENT LIABILITIES AND OTHER COMMITMENTS

Several of the Company's subsidiary undertakings have guaranteed certain borrowings of the Company. The Group has given guarantees of a normal trading nature including bonds, some of which may be payable on demand, relating to contract tenders, advance payments or performance.

As is usual, there are claims arising in the normal course of trading, which are in the process of settlement and, in some cases, involve or may involve litigation. Full provision has been made in these accounts for all amounts which the Directors consider will become payable on account of such claims.

Guarantees have been given by the Company in respect of the amounts drawn against borrowing facilities of certain associated undertakings and joint ventures. None of these were drawn at 31 December 2001 (2000 – none).

At the year end two of the Group's joint ventures are in default of the terms of the agreements under which they operate. The Directors believe that any future impacts are unlikely to be material to the Group's results.

The refinancing agreed in October 2001 included a renegotiation of the terms of the US loan notes. As stated in note 23(e) the original maturities remain at 2010/2012, however the notes are repayable on demand on 31 August 2004 and there are partial repayments in March and September 2003. Early repayments will attract a prepayment premium calculated by reference to US treasury rates. This potential premium based on the scheduled repayments in 2003 and a full repayment in 2004 is estimated at £11.9 million, of which £2.3 million is contracted and will be accrued for over the period to 30 September 2003.

At 31 December 2001 there were capital commitments of £41.6 million (2000 – £13.1 million) for the uncalled capital of unlisted investments, none of which relate to the parent company. These mature as follows

	£ million
Less than 1 year	**2.9**
Greater than 1 year but less than 2 years	**12.0**
Greater than 2 years but less than 5 years	**26.7**
More than 5 years	**–**
	41.6

At 31 December 2001 the Directors had authorised further capital expenditure not provided in the above figures of £0.1 million (2000 – £0.1 million), all of which was represented by outstanding orders.

The Group also has the following annual commitments under non-cancellable operating leases expiring:

	Land and buildings		Plant and machinery	
	31 December 2001 £ million	31 December 2000 £ million	**31 December 2001 £ million**	31 December 2000 £ million
In less than 1 year	**0.1**	0.1	**0.7**	1.6
In more than 2 years but less than 5 years	**1.1**	0.5	**13.5**	16.2
After more than 5 years	**0.9**	2.9	**–**	–

Notes to the Accounts

23. FINANCIAL INSTRUMENTS

(a) Interest rate risk profile of financial liabilities

The Financial Review summarises the refinancing of the Group that occurred in October 2001 concurrently with the disposal of Laing Construction. As a consequence, the Group's debt arrangements were renegotiated to provide committed funding to August 2004. The position as at 31 December 2001 is summarised in the following notes.

The Group's financial liabilities of £330.2 million comprise borrowings of under one year of £8.5 million, borrowings of over one year of £302.2 million and creditors maturing over one year of £19.5 million. Included within this are non-recourse borrowings of £118.3 million and total recourse borrowings of £192.4 million.

	Financial liabilities – 31 December 2001				Financial liabilities – 31 December 2000			
CURRENCY	Total £ million	Floating rate £ million	Fixed rate £ million	Non-interest bearing £ million	Total £ million	Floating rate £ million	Fixed rate £ million	Non-interest bearing £ million
Sterling	**119.6**	**100.1**	**–**	**19.5**	36.7	13.4	–	23.3
US Dollar	**85.6**	**10.3**	**75.3**	**–**	87.4	13.4	73.8	0.2
Australian Dollar	**9.9**	**9.9**	**–**	**–**	10.5	10.5	–	–
Others	**–**	**–**	**–**	**–**	0.1	–	–	0.1
Arrangement fee	**(3.2)**	**(2.3)**	**(0.9)**	**–**	(0.4)	–	(0.4)	–
TOTAL RECOURSE	**211.9**	**118.0**	**74.4**	**19.5**	134.3	37.3	73.4	23.6
Non-recourse (Sterling)	**118.3**	**9.5**	**108.8**	**–**	–	–	–	–
TOTAL	**330.2**	**127.5**	**183.2**	**19.5**	134.3	37.3	73.4	23.6

The floating rate liabilities are overdrafts or short-term bank borrowings drawn under committed facilities which are due to rollover within six months. Interest is charged for overdrafts at a margin over base rate and for bank borrowings at a margin over the relevant LIBOR.

The US dollar fixed rate liabilities are the $110.0 million of Senior Loan Notes which were privately placed with US institutions in January 2000. These are fixed rate loan notes comprising $85.0 million of Series A 9.19% notes due 2004-2010, and $25.0 million of Series B 9.34% notes due 2008-2012. Following the renegotiation of the Group's lending arrangements, these interest rates were amended to 11.82% (Series A) and 11.96% (Series B) from 22 October 2001.

	Fixed rate financial liabilities	
	Weighted average interest rate %	Weighted average period (years)
US Dollar	**11.85**	**5.3**

The non-recourse Sterling fixed rate liabilities relate to four project finance companies in which Laing subsidiaries have 100% shareholdings. In each case the interest rates for the project are fixed using interest rate swaps with maturities ranging from 2010 to 2027, and interest rates varying from 5.34% to 6.71%.

The non-interest bearing financial liabilities are primarily deferred land payments of £19.1 million all of which mature in 2003.

Arrangement fees of £3.4 million were paid during the period as part of the renegotiation of debt arrangements, of which £0.2 million have been amortised. The balance of £3.2 million has been included in bank loans.

Notes to the Accounts

23. FINANCIAL INSTRUMENTS (continued)

(b) *Interest rate risk profile of financial assets*

Financial assets of £153.0 million comprise £33.8 million of cash, £2.2 million of short-term investments, £22.7 million of fixed assets investments and £94.3 million of debtors due after more than one year.

	Financial assets – 31 December 2001				Financial assets – 31 December 2000			
	Total £ million	Floating rate £ million	Fixed rate £ million	Non-interest bearing £ million	Total £ million	Floating rate £ million	Fixed rate £ million	Non-interest bearing £ million
Sterling	**62.8**	**24.7**	**–**	**38.1**	104.8	99.1	–	5.7
US Dollar	**3.6**	**1.9**	**–**	**1.7**	3.5	0.4	–	3.1
Australian Dollar	**15.5**	**0.2**	**–**	**15.3**	18.0	–	–	18.0
Others	**0.4**	**0.4**	**–**	**–**	19.4	1.5	–	17.9
Non-recourse (Sterling)	**70.7**	**8.8**	**–**	**61.9**	–	–	–	–
	153.0	**36.0**	**–**	**117.0**	145.7	101.0	–	44.7

The floating rate financial assets are mainly cash and deposits placed with banks at LIBID. Non-interest bearing assets consist mainly of finance lease debtors related to in infrastructure projects together with contract retention amounts receivable of £0.8 million (2000 – £5.3 million).

(c) *Currency exposures*

As explained in the Financial Review, the Group operates a policy of hedging against significant balance sheet exposures to foreign exchange fluctuations where appropriate.

Net foreign currency assets/(liabilities) – £ millions

	US Dollar	Australian Dollar	Others	Total
Sterling – 31 December 2001	**7.7**	**9.7**	**3.8**	**21.2**
– 31 December 2000	(2.5)	7.2	19.9	24.6

Following the partial sale of the US housing business, the level of US dollar denominated assets fell to £32.4 million and as at 31 December these were £37.0 million. As the Group has US term loans totalling £85.6 million, forward foreign currency contracts were entered into to hedge this exposure. These contracts have a notional value at 31 December 2001 of £56.3 million, of which £12.7 million mature in 2004, £4.2 million in 2005. The remaining £39.5 million mature within six months and are intended to be rolled forward on a short-term basis as long as the hedge is required.

The net assets in other currencies is principally the investment in Nelostie Oy of £3.0 million held in Euros.

Notes to the Accounts

23 FINANCIAL INSTRUMENTS (continued)

(d) *Maturity of financial liabilities*

The maturity profile of the Group's financial liabilities, was as follows:

	31 December 2001				31 December 2000	
	Recourse £ million	Non-recourse £ million	Group £ million	Parent Company £ million	Group £ million	Parent Company £ million
In one year or less, or on demand	**8.5**	**–**	**8.5**	**15.9**	23.9	60.5
In more than 1 year but less than 2 years	**19.5**	**8.4**	**27.9**	**–**	23.6	–
In more than 2 years but less than 5 years	**187.1**	**–**	**187.1**	**187.1**	13.4	13.4
In more than 5 years	**–**	**109.9**	**109.9**	**–**	73.8	73.8
Arrangement fee	**(3.2)**	**–**	**(3.2)**	**(3.2)**	(0.4)	(0.4)
TOTAL	**211.9**	**118.3**	**330.2**	**199.8**	134.3	147.3

Group financial liabilities are stated after netting off bank balances where suitable arrangements exist.

(e) *Borrowing facilities – Group recourse*

The Group's debt requirements are met by a combination of the US private placement of loan notes and bank facilities. These are summarised below.

	Total facility £ million	Drawn £ million	Undrawn £ million
US private placement of loan notes (2010/12)	**75.3**	**75.3**	**–**
Bank committed facilities	**155.8**	**111.8**	**44.0**
Overdrafts	**26.0**	**8.5**	**17.5**
TOTAL COMMITTED GROUP FACILITIES (RECOURSE)	**257.1**	**195.6**	**61.5**

£10 million of the overdraft facility is due to be cancelled on 30 June 2002, or when the sale of the Property Development business is completed, if earlier. Total facilities will be reduced by £25 million on each of 31 March 2003 and 30 September 2003, when the remainder of the overdraft will be cancelled and the remaining amounts will be used to reduce the bank committed facilities and the US loan notes pro-rata.

The US private placement was renegotiated in October 2001. The original maturities remain unchanged at January 2010, (Series A) and January 2012 (Series B), however the notes become repayable on demand as at 31 August 2004.

The non-recourse debt outstanding of £118.3 million is drawn under facilities specific to each project to which the funding relates.

Notes to the Accounts

23. FINANCIAL INSTRUMENTS (continued)

(f) Fair values of financial assets and liabilities

	31 December 2001		31 December 2000	
	Book value £ million	Fair value £ million	Book value £ million	Fair value £ million
Fixed assets investments	**22.7**	**33.8**	28.0	76.4
Long-term borrowings	**(302.2)**	**(315.5)**	(86.8)	(88.1)
Non-equity share capital	**(38.1)**	**(32.5)**	(38.6)	(53.9)

The fair values of short-term borrowings, cash deposits, current asset investments and other financial liabilities are equivalent to book values.

Contingent liabilities such as guarantees given by the Company (see note 22) have no book value, and as contingent items it is not practical to estimate their fair value.

FORWARD FOREIGN CURRENCY CONTRACTS	Notional book value £ million	Notional fair value £ million	Notional loss £ million	Gross gain £ million	Gross (loss) £ million
31 December 2001	**57.3**	**56.4**	**(0.9)**	**–**	**(0.9)**
31 December 2000	17.2	17.0	(0.2)	0.3	(0.5)

No other derivative transactions were outstanding, except for the interest rate swaps taken out by the project finance companies in connection with the non-recourse borrowings.

The methods and assumptions used by the Directors to estimate fair values of financial instruments are as follows:

(i) investments maturing after three months are valued at either quoted market prices, or the net present value of estimated future cash flows discounted at appropriate rates;

(ii) long-term borrowings and non-equity share capital are valued at market prices where available, or the net present value of future cash flows discounted at an appropriate rate, taking into account any related interest rate swaps; and

(iii) forward exchange contracts are valued at market rates.

(g) Non-equity share capital

The Group has £39.4 million of £1 convertible cumulative preference shares in issue. These are undated and have a fixed coupon of 6.4%. Their market value at 31 December 2001 was £32.5 million.

(h) Warrants

On 22 October 2001, warrants were issued by the Company to its lenders over 8,716,482 new ordinary shares which are exercisable at £1, at any time until 31 August 2004, of which 8,462,864 were outstanding as at 31 December 2001. The market value of these warrants stood at £4.7 million.

(i) Short-term debtors and creditors

Short-term debtors and creditors are excluded from the above analyses, except for the currency risk disclosures.

Notes to the Accounts

24. SHARE CAPITAL

	Authorised			Allotted, called up and fully paid	
	Number of shares	Nominal value 2001 £ million	Nominal value 2000 £ million	At 31 December 2001 £ million	At 31 December 2000 £ million
EQUITY					
Ordinary Shares of 25 pence each	**174,583,961**	**43.7**	24.2	**43.7**	24.2
Unissued shares of 25 pence each	**50,283,757**	**12.6**	10.7	**–**	–
NON-EQUITY					
6.4% Convertible Cumulative Preference Shares of £1 each	**40,151,313**	**40.1**	40.1	**39.4**	39.9
		96.4	75.0	**83.1**	64.1

The unissued shares are available for designation, allotment and issue from time to time as Ordinary Shares.

Under the Senior Executive Share Option Scheme there were, at 31 December 2001, outstanding options to subscribe for 282,911 Ordinary Shares (2000 – 540,359) exercisable up to 22 April 2006 at prices between 146.97 pence and 323.90 pence per share.

Under the Savings Related Share Option Scheme there were, at 31 December 2001, outstanding options to subscribe for 952,780 Ordinary Shares at 196.588 pence per share (2000 – 1,190,744).

All options outstanding under these schemes and the related prices have been restated for the issue of Ordinary Shares on 26 November 2001.

On 18 January 2002 W W Forrester was granted an option over 379,746 Ordinary Shares at a price of 158 pence per share. The options are exercisable from 18 January 2005 subject to certain performance criteria.

The Group is taking advantage of the exemption on the application of UITF abstract 17, Employee Share Schemes, in relation to the above scheme.

The 6.4% Convertible Cumulative Preference Shares are not redeemable, have no voting rights and their rights on winding up are restricted to repayment of the nominal value. During 2001, holders of 539,306 Convertible Cumulative Preference Shares exercised their options to convert to 181,919 Ordinary Shares.

On 27 September the Company announced a Rights Issue at £1 per share over 76,756,488 Ordinary Shares on the basis of 9 for every 13 Ordinary Shares held on 17 October 2001. The Rights Issue was fully underwritten and the shares were credited as fully paid on 26 November 2001.

On 23 October 2001 Warrants over 8,716,482 Ordinary Shares in the Company were issued. During 2001 warrant holders exercised their right to convert their warrants to 253,618 Ordinary Shares.

Notes to the Accounts

25. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

GROUP	2001 Share capital £ million	2001 Share premium account £ million	2001 Property revaluation reserve £ million	2001 Profit and loss account £ million	2001 Other reserves £ million	2001 Total £ million	2000 £ million
(Loss)/profit for the financial year	–	–	–	(37.4)	–	(37.4)	2.9
Dividends	–	–	–	(13.3)	–	(13.3)	(15.1)
	–	–	–	(50.7)	–	(50.7)	(12.2)
Transfer of realised profit	–	–	(1.0)	1.0	–	–	–
Other recognised gains and losses							
– exchange	–	–	–	(0.5)	–	(0.5)	(3.4)
– property revaluation	–	–	(0.1)	–	–	(0.1)	0.7
Goodwill written back to profit and loss on disposal of construction	–	–	–	2.1	–	2.1	–
Long-term share incentive scheme	–	–	–	(3.1)	–	(3.1)	1.7
Preference shares redeemed	–	–	–	(0.6)	0.6	–	–
New share capital subscribed	19.0	60.3	–	–	–	79.3	2.6
Rights issue costs	–	(2.8)	–	–	–	(2.8)	–
NET ADDITION TO SHAREHOLDERS' FUNDS	19.0	57.5	(1.1)	(51.8)	0.6	24.2	(10.6)
Opening shareholders' funds	64.1	23.7	4.7	146.6	1.6	240.7	251.3
CLOSING SHAREHOLDERS' FUNDS	83.1	81.2	3.6	94.8	2.2	264.9	240.7

The cumulative retained profit of £94.8 million is after the inclusion of post acquisition reserves of joint ventures and the associated undertakings amounting to £9.4 million.

COMPANY	2001 Share capital £ million	2001 Share premium account £ million	2001 Revaluation of shares in subsidiary undertakings £ million	2001 Profit and loss account £ million	2001 Total £ million	2000 £ million
Profit for the financial year	–	–	–	14.2	14.2	28.9
Dividends	–	–	–	(13.3)	(13.3)	(15.1)
	–	–	–	0.9	0.9	13.8
Other recognised gains and losses relating to the year (net)	–	–	(51.2)	(2.0)	(53.2)	(27.0)
New share capital subscribed	19.0	57.5	–	–	76.5	2.6
NET ADDITION TO SHAREHOLDERS' FUNDS	19.0	57.5	(51.2)	(1.1)	24.2	(10.6)
Opening shareholders' funds	64.1	23.7	136.0	16.9	240.7	251.3
CLOSING SHAREHOLDERS' FUNDS	83.1	81.2	84.8	15.8	264.9	240.7

The non-equity portion of shareholders' funds is calculated as follows:

	2001 £ million	2000 £ million
Preference shares	39.4	39.9
Less: expenses of issue	(1.3)	(1.3)
Non-equity shareholders' funds	38.1	38.6

Notes to the Accounts

26. RECONCILIATION OF OPERATING LOSS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2001 £ million	2000 £ million
Group operating loss	**(43.0)**	(36.9)
Depreciation and amortisation charges	**13.3**	11.1
Loss/(profit) on sale of vehicles, plant and machinery	**0.3**	(2.1)
Dividends received	**(2.9)**	(0.5)
Decrease in stocks, land and developments	**(88.2)**	(39.7)
(Increase)/decrease in debtors	**(112.6)**	42.4
Exchange gain in trading profit	**(1.1)**	(0.4)
Increase/(decrease) in creditors	**64.8**	(37.3)
Increase in provisions	**53.6**	5.1
Net cash outflow from operating activities	**(115.8)**	(58.3)

Net cash outflow from operating activities includes £11.6 million of reorganisation costs.

27(a) ACQUISITIONS

On 26 January 2001 the Group acquired a portfolio of infrastructure investments from Hyder plc for a consideration of £92.5 million. The assets acquired included £33.1 million of cash.

On 22 February the Group acquired a 50% share of Meridian Hospital Company (Holdings) Limited which operates the Queen Elizabeth II Hospital in Greenwich, for a consideration of £12.8 million through the acquisition of a subsidiary Laing Investment (Greenwich) Limited.

	Hyder Investments					
BOOK VALUE	Subsidiaries £ million	Joint ventures £ million	Investments £ million	Total £ million	Meridian Hospital £ million	Total £ million
Fixed assets	153.6	–	–	153.6	–	153.6
Investments	–	–	9.7	9.7	–	9.7
Investments in joint ventures:						–
Share of gross assets	–	236.1	–	236.1	8.5	244.6
Share of gross liabilities	–	(220.6)	–	(220.6)	(2.4)	(223.0)
Debtors due within one year	25.5	–	–	25.5	–	25.5
Cash – Group funds	33.1	–	–	33.1	–	33.1
Cash – Non-recourse funds	1.7	–	–	1.7	–	1.7
External borrowings – non-recourse	(167.4)	–	–	(167.4)	–	(167.4)
Net debt acquired	(132.6)	–	–	(132.6)	–	(132.6)
Creditors	(13.0)	–	–	(13.0)	(0.3)	(13.3)
Net assets acquired	33.5	15.5	9.7	58.7	5.8	64.5
FAIR VALUE ADJUSTMENTS						
Fixed assets	3.0	–	–	3.0	–	3.0
Investments	–	–	(8.5)	(8.5)	–	(8.5)
Investments in joint ventures:						
Share of gross assets	–	38.5	–	38.5	7.0	45.5
Debtors due within one year	0.8	–	–	0.8	–	0.8
	3.8	38.5	(8.5)	33.8	7.0	40.8
Total asset value	37.3	54.0	1.2	92.5	12.8	105.3
Acquisition cost				(92.5)	(12.8)	(105.3)

Notes to the Accounts

27(a) ACQUISITIONS (continued)

Post acquisition results

For the year ended 31 December 2001	2001 Acquisitions £ million	2001 Continued £ million	2001 Continuing £ million
TURNOVER	105.9	736.5	842.4
DEDUCT:			
Share of joint venture turnover	(52.7)	(128.7)	(181.4)
Share of associate turnover	–	(111.3)	(111.3)
GROUP TURNOVER	53.2	496.5	549.7
Cost of sales	(32.0)	(398.3)	(430.3)
GROSS PROFIT	21.2	98.2	119.4
Exceptional cost of restructuring	–	(8.7)	(8.7)
Other operating and administrative expenses	(11.6)	(50.8)	(62.4)
Total operating and administrative expenses	(11.6)	(59.5)	(71.1)
Other operating income	–	2.9	2.9
GROUP OPERATING PROFIT	9.6	41.6	51.2
Share of operating profit of:			
Joint ventures	14.5	10.8	25.3
Associates	–	8.0	8.0
OPERATING PROFIT INCLUDING JOINT VENTURES AND ASSOCIATES	24.1	60.4	84.5
Profit on disposal of and amounts written off investments and other fixed assets	–	51.2	51.2
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST	24.1	111.6	135.7

27(b) DISPOSALS

On 23 October 2001 the Group disposed of its Construction activities for a consideration of £1. The assets included cash of £73.4 million.

On 18 September 2001 the Group disposed of 22.5% of its holding in UK Highways A55 (Holdings) Limited for a consideration of £3.2 million. The assets included cash of £0.8 million and loans of £113.2 million.

	Construction £ million	UK Highways A55 £ million	Total £ million
Fixed assets	13.3	121.8	135.1
Investments	1.2	–	1.2
Current assets	169.3	3.1	172.4
Cash	73.4	–	73.4
Cash – non-recourse funds	–	0.8	0.8
External borrowings – non-recourse	–	(113.2)	(113.2)
Net debt disposed	73.4	(112.4)	(39.0)
Current liabilities	(226.1)	(9.6)	(235.7)
Provisions	(4.3)	–	(4.3)
Net assets disposed of	26.8	2.9	29.7
Goodwill on acquisition written off	(2.1)	–	(2.1)
Consideration: Cash	–	3.2	3.2
Cost of disposal	(4.7)	–	(4.7)
Net cash cost	(4.7)	3.2	(1.5)
(Loss)/profit on disposal	(33.6)	0.3	(33.3)

Notes to the Accounts

28. ANALYSIS OF NET DEBT

	At 1 January 2001 £ million	Cash flow £ million	Exchange movement £ million	At 31 December 2001 £ million
Cash in hand and at bank	18.6	(6.4)	(0.4)	11.8
Bank deposits maturing in one day	17.7	(15.0)	–	2.7
Overdrafts repayable on demand	(11.2)	2.8	–	(8.4)
		$\boxed{(18.6)}$		
Bank deposits maturing in:				
more than one day	44.4	(25.4)	0.3	19.3
Bank loans repayable in:				
less than one year	(12.7)	12.6	–	(0.1)
more than one year	(86.8)	(214.0)	(1.4)	(302.2)
NET GROUP DEBT	(30.0)	(245.4)	(1.5)	(276.9)

29. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2001 £ million	2000 £ million
(Decrease)/increase in cash in the period	(18.6)	3.8
Net cash flow from management of liquid resources	(25.4)	(55.3)
Decrease in bank borrowings due within one year	12.6	56.8
Increase in bank borrowings due in more than one year	(214.0)	(66.6)
Exchange movement	(1.5)	(6.6)
Movement in net debt in the period	(246.9)	(67.9)
Net (debt)/funds at 1 January	(30.0)	37.9
Net debt at 31 December	(276.9)	(30.0)

30. INTANGIBLE ASSETS

	2001 Franchise costs £ million	2001 Goodwill on acquisition £ million	2001 Total £ million	2000 Goodwill on acquisition £ million
ORIGINAL COST				
At 1 January	–	11.5	11.5	4.6
Additions	4.1	–	4.1	6.9
At 31 December	4.1	11.5	15.6	11.5
ACCUMULATED AMORTISATION				
At 1 January	–	2.0	2.0	0.7
Charge for the year	–	1.4	1.4	1.3
At 31 December	–	3.4	3.4	2.0
Net book value at 31 December	4.1	8.1	12.2	9.5

Additions arise on the capitalisation of the costs attributable to the extension of the M40 Trains Limited Chiltern Line rail franchise.

Five-Year Review

		2001	2000	1999	1998	1997
Turnover	£ million	**1,389.2**	1,574.4	1,791.7	1,606.6	1,461.4
(Loss)/profit before taxation	£ million	**(24.7)**	5.7	52.7	20.1	32.2
(Loss)/profit attributable to shareholders	£ million	**(37.4)**	2.9	43.4	15.5	26.1
Shareholders' funds	£ million	**264.9**	240.7	251.3	219.1	214.3
Net (borrowings)/cash	£ million	**(276.9)**	(30.0)	37.9	43.8	19.7
Profit before taxation as a % of						
– turnover	%	**(1.8)**	0.4	2.9	1.3	2.2
– shareholders' funds	%	**(9.3)**	2.4	21.0	9.2	15.0
Earnings per share	pence	**(33.9)**	0.4*	41.0*	13.0*	23.9*
Dividends per share	pence	**7.6**	13.0	12.25	10.75	10.5
Dividend cover	times	**–**	–	3.6	1.3	2.4
Employees (average)	number	**5,656**	7,729	9,443	10,146	9,291

* Restated for the Rights Issue of shares on 26 November 2001.

Principal Subsidiaries, Joint Ventures, Associated Undertakings, Joint Arrangements and Investments

HOMES

UNITED KINGDOM

JOHN LAING HOMES PLC*
Holding company for the housing businesses

LAING HOMES LIMITED
Private and partnership housing
Strategic land holding and trading

BEECHCROFT DEVELOPMENTS LIMITED
Retirement housing

OCTAGON GROUP LIMITED
Preference 'B' shares of £1 each fully paid
Ordinary shares of 25p each fully paid (30%)
Private housing

OVERSEAS

WL HOMES INVESTORS LLC
12% preferred equity (22.5%)
Private housing

INVESTMENTS

UNITED KINGDOM

LAING INVESTMENTS LIMITED*
Holding company for the Investments business

SEVERN RIVER CROSSING PLC
Ordinary shares of £1 (35%)
Preference shares of £1
Toll bridge operator

ALTRAM LRT LIMITED
Ordinary shares of £1 (33.33%)
Light rail concession operator

ALTRAM (MANCHESTER) LIMITED
Ordinary shares of £1 (26.1%)
Light rail concession operator

M40 TRAINS LIMITED
Ordinary shares of £1
Ordinary A shares of £1 (84.36%)
Preference shares of £1
Rail franchise operator

OCTAGON HEALTHCARE HOLDINGS (NORWICH) LIMITED
Ordinary shares of 1p (20%)
PFI accommodation operator

DEFENCE MANAGEMENT HOLDINGS LIMITED
Ordinary shares of £1 (50%)
PFI accommodation operator

UK HIGHWAYS SERVICES LIMITED
Ordinary shares of £1 (19%)
PFI road maintenance

HYDER INVESTMENTS LTD
Holding company for the Investment business

LASER (TEDDINGTON HOLDING) LIMITED
Ordinary shares of £1 (50%)
PFI accommodation operator
Financial year end 31 March

UK HIGHWAYS PLC
Ordinary shares of £1 (25 pence paid up) (50%)
Road concession operator

UK HIGHWAYS M40 (HOLDINGS) LIMITED
Ordinary shares of £1 (50%)
Road concession operator

UK HIGHWAYS A55 (HOLDINGS) LIMITED
Ordinary shares of £1 (50%)
Road concession operator
Financial year end 31 March

COUNTYROUTE LIMITED
Road concession operator

COUNTYROUTE 2 LIMITED
Road concession operator

COASTAL CLEAR WATER HOLDINGS LIMITED
Ordinary shares of £1 (50%)
PFI wastewater treatment plant operator in Northern Ireland

SERVICES SUPPORT (GRAVESEND) LIMITED
PFI accommodation operator

EDUCATION SUPPORT (ENFIELD) LIMITED
PFI accommodation operator

SERVICES SUPPORT (SEL) LIMITED
PFI accommodation operator

MODUS SERVICES HOLDINGS LIMITED
Ordinary shares of £1 (40%)
PFI accommodation operator
Financial year end 31 March

CITY GREENWICH LEWISHAM RAIL PLC
Ordinary shares of £1 (40%)
Light rail concession operator

MERIDIAN HOSPITAL COMPANY (HOLDINGS) LIMITED
Ordinary shares of £1 (50%)
PFI accommodation operator
Financial year end 31 March

Principal Subsidiaries, Joint Ventures, Associated Undertakings, Joint Arrangements and Investments

INVESTMENTS

OVERSEAS

JL INVESTMENT PTE LIMITED
JOHN LAING INVESTMENT PTE LIMITED
Investment company, incorporated and operating in Singapore

HORIZON ENERGY INVESTMENT LIMITED
Power generation – operating in Australia (5%)

ADELAIDE AIRPORTS LIMITED
Airport operator – operating in Australia (14.5%)

AIRPORT DEVELOPMENT GROUP PTY LTD.
Airport operator – operating in Australia (14.55%)

GORODOK PTY LIMITED
Pipeline operator – operating in Australia (20%)
Financial year end 30 June

TIEYHTIO NELOSTIE OY
Toll road operator – operating in Finland (41%)

PROPERTY

UNITED KINGDOM

LAING PROPERTY PLC*
Holding company for the Property business

LAING PROPERTY DEVELOPMENTS LIMITED
Property development

LAING PROPERTY HOLDINGS LIMITED
Holding and management of Group properties

HOLLOWAY WHITE ALLOM LIMITED
Specialist building services

ABSOLUTE PROPERTY LIMITED
Ordinary shares of £1 (50%)
Property development

GROUP SERVICE COMPANIES

UNITED KINGDOM

JOHN LAING SERVICES LIMITED*
Management, staff and administrative services for the Group

Except where indicated, all companies are wholly owned, have 31 December year ends, are incorporated in Great Britain and registered in England and Wales, and operate mainly in the country of incorporation.

** Shares of those companies marked with an asterisk are owned by the Company.*

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