

REDLAND MINERALS LIMITED
(Registered Number: 34597)

DIRECTORS' REPORT AND ACCOUNTS

31 DECEMBER 1997



REDLAND MINERALS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1997

The directors submit their report and the audited accounts of the company for the year ended 31 December 1997.

RESULTS AND DIVIDENDS

The company did not trade throughout the financial year or the previous financial year. The directors do not recommend payment of a final dividend (1996: £nil) and the preference shareholder has waived its right to dividends for 1997.

DIRECTORS

The directors who held office during the year are as follows:

I M Reid	
J C B Houlton	(Resigned 31 May 1998)
R A Elliott	(Appointed 31 May 1998)

DIRECTORS' INTERESTS

According to the Register of Directors' Interests, none of the directors in office at the end of the year had any interest in the share capital of Lafarge SA, the company's ultimate holding company.

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REDLAND MINERALS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1997 (CONTINUED)


ULTIMATE HOLDING COMPANY

On 5 December 1997 Lafarge SA, a company registered in France, acquired over 50% of the issued share capital of Redland PLC, the company's previous ultimate holding company, and now holds over 90% of Redland's share capital. As a result, the directors now regard Lafarge SA as being the company's ultimate holding company.

AUDITORS

A resolution concerning the appointment of auditors will be proposed at the next Annual General Meeting.

By Order of the Board
REDLAND SECRETARIES LIMITED



R C Monroe
Secretary

Redland House
DORKING
Surrey
RH4 1TH

5 June 1998

Price Waterhouse



AUDITORS' REPORT TO THE SHAREHOLDERS OF REDLAND MINERALS LIMITED

We have audited the financial statements on pages 4 to 6 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1997 and its result for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

Price Waterhouse
Chartered Accountants
and Registered Auditors

5 June 1998

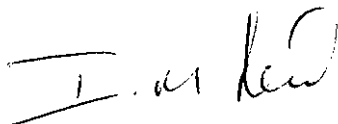
REDLAND MINERALS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 1997

	Notes	1997 £'000	1996 £'000
CURRENT ASSETS			
Debtors: amounts due after more than one year			
amounts owed by group undertakings		9,639	9,639
		<u> </u>	<u> </u>
CAPITAL AND RESERVES			
Called up share capital	4	3,640	3,640
Share premium account		194	194
Profit and loss account		<u>5,805</u>	<u>5,805</u>
Shareholders' funds		9,639	9,639
		<u> </u>	<u> </u>
Analysed as:			
Equity interests		9,439	9,439
Non-equity interests	4	<u>200</u>	<u>200</u>
		9,639	9,639
		<u> </u>	<u> </u>

The company did not trade during the year.

APPROVED BY THE BOARD ON 5 JUNE 1998



I M REID
DIRECTOR

The notes on pages 5 to 6 form part of these accounts.

REDLAND MINERALS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1997

1 ACCOUNTING POLICIES

(a) Accounting convention

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

(b) Cashflow statement

The company is a wholly owned subsidiary undertaking of Lafarge which produces a consolidated cash flow statement in accordance with Financial Reporting Standard No.1 (Revised). Consequently the company has taken advantage of the exemption in FRS1 (Revised) from preparing a cash flow statement.

(c) Deferred taxation

Provision for deferred taxation is made only when there is a reasonable probability that a liability will crystallise. Any provision required will be dealt with in the accounts of Redland Finance PLC.

2 DIRECTORS' EMOLUMENTS

No directors received any remuneration in respect of their services to the company (1996 - £nil).

3 TAX ON PROFIT ON ORDINARY ACTIVITIES

No United Kingdom taxation charge is borne by the company as any liability will be settled by Redland Finance PLC, a fellow group undertaking.

4 CALLED UP SHARE CAPITAL

	<u>1997</u>	<u>1996</u>
	£'000	£'000
Authorised:		
15,200,000 ordinary shares of 25p each	3,800	3,800
200,000 4½% cumulative preference shares of £1 each	200	200
	=====	=====
Issued and fully paid:		
13,758,765 ordinary shares of 25p each	3,440	3,440
200,000 4½% cumulative preference shares of £1 each	200	200
	=====	=====

The holders of the 4.5% cumulative preference shares are entitled to an annual fixed dividend at the rate of 4.5% on the capital paid up or credited in priority to any payment to the holders of the ordinary shares. The preference shareholders have waived their right to receive cumulative dividends payable to 31 December 1997. Both classes of shares have no redemption rights. On a winding-up the preference shareholders are to be paid in priority to any payment to the ordinary shareholders. The ordinary shareholders have one vote per share. The preference shareholders have no voting rights, except on a resolution to alter or abrogate the rights attached to the preference shares.

REDLAND MINERALS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1997 (CONTINUED)

5 ULTIMATE HOLDING COMPANY

Redland PLC, a company registered in England and Wales, and incorporated in Great Britain, is the smallest parent undertaking to consolidate the accounts of the Company.

Copies of the Group accounts of Redland PLC may be obtained from the Company Secretary, Redland PLC, Redland House, Dorking, Surrey, RH4 1TH.

Lafarge SA, a company registered in France, is the largest parent undertaking to consolidate the accounts of the Company. Lafarge SA is regarded by the directors as being the Company's ultimate holding company and controlling party.

Copies of the Group accounts of Lafarge SA may be obtained from the Stockholder Relations Department, 61, rue des Belles Feuilles, 75116 Paris, France.

6 CONTINGENT LIABILITY

The company has received a substantial claim regarding a previous subsidiary in the United States covering a period up to 1956. The directors consider the potential liability to be difficult to assess and the likelihood of any eventual material payment to be remote.