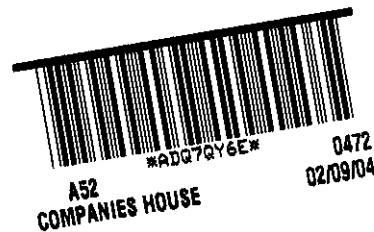


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REPORT AND FINANCIAL STATEMENTS

PIONEER AGGREGATES (UK) LIMITED

31 December 2003



PIONEER AGGREGATES (UK) LIMITED

DIRECTORS

M A Ogden
D J Tonkin

SECRETARY

P Tunnaclyffe

AUDITORS

Ernst & Young LLP
One Bridewell Street
Bristol
BS1 2AA

REGISTERED OFFICE

The Ridge
Chipping Sodbury
Bristol
BS37 6AY

COMPANY NUMBER

648560

PIONEER AGGREGATES (UK) LIMITED

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 December 2003

RESULTS AND DIVIDENDS

The results for the year are set out in the profit and loss account on page 5. The directors do not recommend the payment of a dividend (2002 - £20,000,000).

PRINCIPAL ACTIVITY

The principal activity of the company was the extraction, processing and sale of aggregates, until the transfer and sale of trade and assets in 2000. Assets relating to one landfill operation remain.

DIRECTORS' INTERESTS

The directors who served during the year were as follows:

S N Vivian (resigned 30 June 2003)

I A D Peters (resigned 11 July 2003)

M A Ogden

D J Tonkin (appointed 11 July 2003)

The only declarable interests in the ordinary share capital of the ultimate parent undertaking, Hanson PLC, are declared in the financial statements of the parent undertaking, Hanson Quarry Products Europe Limited. The directors received no remuneration for their services during the year (2002 - £nil).

CHARITABLE DONATIONS

No charitable donations were made by the company during the year (2002 - £nil). No political donations were made.

ANNUAL GENERAL MEETING

Pursuant to the Elective Resolution of the company passed on 11 April 2001 the company has dispensed with the need to hold Annual General Meetings. Any member of the company is entitled to require the laying of the accounts before a general meeting on giving due notice to that effect in accordance with Section 253 of the Companies Act 1985.

AUDITORS

Ernst & Young LLP will be re-appointed as the Company's auditor in accordance with the elective resolution passed by the Company under Section 386 Companies Act 1985.

By order of the Board



Director

Date

26 July 2004

PIONEER AGGREGATES (UK) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial period 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 year. 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;
- 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.

INDEPENDENT AUDITORS' REPORT
to the members of PIONEER AGGREGATES (UK) LIMITED

We have audited the company's financial statements for the year ended 31 December 2003 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, Reconciliation of Shareholders' Funds and related notes 1 to 14. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 affairs of the company as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
 Registered Auditor
 Bristol

Date 26 July 2004

PIONEER AGGREGATES (UK) LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2003

	<u>Notes</u>	Year Ended 31 December 2003 £	Year Ended 31 December 2002 £
Turnover	2	740,323	596,877
Other external charges		(113,114)	(110,044)
Staff costs	4	(76,360)	(73,026)
Other operating charges		(460,865)	(394,054)
Operating profit	3	<u>89,984</u>	<u>19,753</u>
Profit on ordinary activities before taxation		<u>89,984</u>	<u>19,753</u>
Tax on profit on ordinary activities	5	-	-
Profit on ordinary activities after taxation		<u>89,984</u>	<u>19,753</u>
Dividends proposed on equity shares		-	(20,000,000)
Retained Profit/(Loss) for the year		<u><u>89,984</u></u>	<u><u>(19,980,247)</u></u>

Statement of Total Recognised Gains and Losses

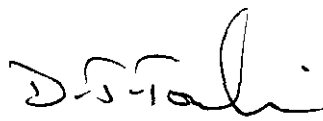
There are no recognised gains or losses attributable to the shareholder other than the profit in the year ended 31 December 2003. (2002 - loss of £19,980,247).

PIONEER AGGREGATES (UK) LIMITED

BALANCE SHEET

at 31 December 2003

	<u>Notes</u>	2003 £	2002 £
Fixed Assets			
Investments	6	<u>2,233</u>	<u>2,233</u>
Current Assets			
Debtors	7	36,306,103	56,622,237
Cash at bank and in hand		<u>627,340</u>	<u>56,755</u>
		<u>36,933,443</u>	<u>56,678,992</u>
Creditors:			
Amounts falling due within one year	8	<u>(34,098,209)</u>	<u>(53,933,742)</u>
Net Current Assets		<u>2,835,234</u>	<u>2,745,250</u>
Total Assets less Current Liabilities		<u><u>2,837,467</u></u>	<u><u>2,747,483</u></u>
Capital and Reserves			
Called up share capital	9	2	2
Profit and Loss account	10	<u>2,837,465</u>	<u>2,747,481</u>
Equity Shareholder's Funds		<u><u>2,837,467</u></u>	<u><u>2,747,483</u></u>



Director

Date 26 Juny 2004

PIONEER AGGREGATES (UK) LIMITED

Reconciliation Of Movement In Shareholder's Funds

	Year Ended 31 December 2003 £	Year Ended 31 December 2002 £
Profit/(Loss) for the year	89,984	19,753
<i>Dividend</i>	<u>-</u>	<u>(20,000,000)</u>
Net movement in shareholder's funds	89,984	(19,980,247)
Opening shareholder's funds	<u>2,747,483</u>	<u>22,727,730</u>
Closing shareholder's funds.	<u>2,837,467</u>	<u>2,747,483</u>

PIONEER AGGREGATES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2003

1. ACCOUNTING POLICIES

a) Accounting convention

The financial statements have been prepared in accordance with applicable accounting standards using the historical cost convention.

b) Cash flow statement

In accordance with FRS1 (revised), the company has not prepared a cash flow statement as it is a wholly owned subsidiary undertaking within the Hanson PLC group.

c) Investments

Fixed asset investments are shown at cost less amounts written off.

d) Deferred Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events have occurred that will result in an obligation to pay more, or right to pay less or to receive more tax, with the following exceptions:

- deferred tax assets are recognised only to the extent that the directors consider it is more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

e) Pensions

The company participates in a defined benefit pension scheme which requires contributions to be made to a separately administered fund. Contributions to this fund are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives within the company. The regular cost is attributed to individual years using the projected unit credit method. Variations in pension cost, which are identified as a result of actuarial valuations, are amortised over the average expected remaining working lives of employees. Differences between the amounts funded and the amounts charged to the profit and loss account are treated as provisions in the balance sheet.

PIONEER AGGREGATES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

at 31 December 2003

2. TURNOVER

Turnover comprised the value of sales (excluding VAT and similar taxes and trade discounts) of goods and services in the normal course of business. All sales by the company were of aggregates to the contracting and building industries. All sales were made within the UK.

3. OPERATING PROFIT

This is stated after charging:

	Year Ended 31 December 2003 £	Year Ended 31 December 2002 £
Staff costs (note 4)	76,360	73,026
Hire of plant and machinery	110,394	75,237

Auditors' remuneration is borne by Hanson Quarry Products Europe Limited.

4. STAFF COSTS

The directors received no remuneration for their services (2002 - £Nil).

The average monthly number of persons employed during the year was:

	Year Ended 31 December 2003 Number	Year Ended 31 December 2002 Number
Production and ancillary staff	2	2
Administration and sales staff	1	1
	3	3

Staff costs were:

	Year Ended 31 December 2003 £	Year Ended 31 December 2002 £
Wages and salaries	69,113	66,162
Social security costs	4,167	3,984
Pension costs	3,080	2,880
	76,360	73,026

PIONEER AGGREGATES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

at 31 December 2003

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

a Charge for the year

	2003	2002
	£	£
<i>Current tax:</i>		
UK corporation tax on profits of the year	-	-
<i>Deferred tax:</i>		
Origination and reversal of timing differences	-	-
<i>Tax on profit on ordinary activities</i>	<u>-</u>	<u>-</u>

b Factors affecting the tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30%).
The differences are explained below:

	2003	2002
	£	£
Profit on ordinary activities before tax	<u>89,984</u>	<u>19,753</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2000: 30%)	26,995	5,926
<i>Effects of:</i>		
Expenses not deductible for tax purposes	-	-
Group losses claimed without payment	(26,995)	(5,926)
<i>Current tax charge for year</i>	<u>-</u>	<u>-</u>

c Factors affecting future tax charges

There are no particular factors affecting the future tax charges of the company.

6. FIXED ASSET INVESTMENTS

	2003	2002
	£	£
Cost		
Other investments	<u>2,233</u>	<u>2,233</u>

PIONEER AGGREGATES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

at 31 December 2003

7. DEBTORS	2003 £	2002 £
Trade debtors	460,545	331,738
Amounts owed by parent company and other group undertakings	35,830,807	55,830,807
Prepayments and accrued income	14,751	33,116
Other debtors	-	426,576
	<u>36,306,103</u>	<u>56,622,237</u>
8. CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)	2003 £	2002 £
Trade creditors	120,454	130,091
Amounts owed to parent company and other group undertakings	30,693,904	30,693,904
Accruals and deferred income	3,142,621	3,049,804
Other taxes	141,230	59,943
Dividends proposed on equity shares	-	20,000,000
	<u>34,098,209</u>	<u>53,933,742</u>
9. CALLED-UP SHARE CAPITAL	2003 £	2002 £
Authorised:		
2,000 Ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>
Issued, allotted and fully paid:		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>
10. RESERVES	Profit and loss account £	
At 1 January 2002	22,727,728	
Transfer from reserves	<u>(19,980,247)</u>	
At 1 January 2003	2,747,481	
Transfer to reserves	<u>89,984</u>	
At 31 December 2003	<u>2,837,465</u>	

PIONEER AGGREGATES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

at 31 December 2003

11. PENSIONS

With effect from 1 May 2001, the group pension plan in which the company previously participated, the Pioneer Mixconcrete Pension Plan, was merged with the Hanson Industrial Pension Scheme, which is of the defined benefit type. Funds are held externally under the supervision of the corporate trustee.

The employer's share of meeting the cost of the pension scheme, including the amortisation of any scheme surplus or deficit, is recognized in the profit and loss account on a systematic and even basis over the years benefitting from the employees' services.

The pension cost is assessed in accordance with the advice of qualified actuaries, using the projected unit method. The latest actuarial valuation of the scheme was carried out as at 1 January 2001. For accounting purposes it has been assumed that future investment returns would be at the rate of 4.6% per annum. It has been assumed that the basic level of pay increases would average 4.0% per annum and that pension increases would average 2.5% on pensions in excess of the GMP (Guaranteed Minimum Pension) (with statutory increases applied to the GMP).

The total pension cost for the company for the year ended 31 December 2003 was £3,080 after taking into account the amortisation of the estimated surplus, which is being recognised over fifteen years, the average remaining service life of scheme members.

At 1 January 2002 the market valuation of the assets of the scheme was in excess of £880m. The valuation showed that the actuarial value of the assets at 1 January 2002 was materially in excess of the amount required to cover the benefits that had accrued to members, after allowing for expected future increases in earnings.

The company participates in the scheme along with several other Hanson group companies. Although the scheme is of a defined benefit nature, it is not possible to identify the company's share of the assets and liabilities of the scheme separately, on any reasonable basis. The contributions of the company depend upon the financial position of the scheme as a whole. Under FRS 17, the pension cost is therefore equal to the contributions paid by the company £3,080. The last valuation of the scheme, as at 1 January 2001, revealed a surplus of £104.0m, which was used to reduce the contributions of the participating companies.

12. RELATED PARTY TRANSACTIONS

The company has taken advantage of the 90% owned subsidiary exemption and has not disclosed information regarding transactions with other group companies. There were no other material related party transactions which need disclosure.

13. IMMEDIATE PARENT COMPANY

The company's immediate parent company is Pioneer Concrete Holdings PLC.

14. ULTIMATE PARENT UNDERTAKING

The company's ultimate parent undertaking is Hanson PLC, which is registered in England and Wales. The largest and smallest group in which the results of the company are consolidated is that headed by Hanson PLC. Copies of Hanson PLC financial statements can be obtained from 1 Grosvenor Place, London, SW1X 7JH.

In the opinion of the directors, Hanson PLC is the company's controlling party.