

Company Registration No. 2163844

REDLAND PLASTERBOARD LIMITED

DIRECTORS' REPORT AND ACCOUNTS

for the period ended

31 DECEMBER 1990

REDLAND PLASTERBOARD LIMITED

REPORT OF THE DIRECTORS

The directors submit their report and the audited accounts of the Company for the period ended 31st December 1990 (previous accounting period ended 30th June 1990).

The principal activity of the Company is the manufacture and supply of plasterboard and accessories.

Losses and Dividends and Transfers from Reserves

The retained loss for the period was £10,393,062 (period ended 30th June 1990 a loss of £11,936,946) which has been transferred from Reserves.

The directors do not recommend the payment of a dividend on the issued Ordinary shares for the period ended 31st December 1990 (previous period Nil).

Share Capital

On 27th July 1990 3,000,000 Ordinary shares of £1 each were issued fully paid at par to the Company's immediate holding company, Redland Plasterboard Holdings Limited.

On 31st December 1990 a further 27,400,000 Ordinary shares of £1 each were issued fully paid at par to Redland Plasterboard Holdings Limited

Business Review

The Company's sales in the United Kingdom continued to grow during the period. The Bristol plant, which commenced production in September 1989, is now supplying the bulk of the Company's Plasterboard sales volume in the United Kingdom.

To meet increasing demand for the company's products, a second plasterboard line is to be built at the Bristol site.

Under the terms of an agreement signed in September 1990 by Redland PLC (United Kingdom), CSR (Australia) and Lafarge Coppée SA (France), Lafarge Coppée acquired an 80% shareholding in Redland Plasterboard Holdings Limited, the Company's immediate holding company, and Lafarge Coppée is now considered by the directors as being the Company's ultimate holding company.

Fixed Assets

The changes in fixed assets during the period are summarised in the notes to the accounts.

Directors

The directors who held office during the period are as follows:-

Mr D M Calow	Managing Director
Mr A S Beardmore	Marketing Director
Dr J S George	Technical Director
Mr D A Hey	Sales Director
Mr B G Baker	- resigned 27.9.90
Mr K B Connolly	- resigned 27.9.90
Mr G M N Corbett	- resigned 27.9.90
Mr G V Kells	- resigned 27.9.90
Mr R S Napier	- resigned 27.9.90
Mr R G Smith	- resigned 27.9.90
Mr G Fennicuik	- resigned 27.9.90

Mr G R Gentles was appointed a Director and Chairman and Messrs D M Fabre and Y Bonaime were appointed Directors of the Company on 1st May 1991.

Directors' Interests

According to the Company's Register of Directors' Interests, the directors in office at the end of the period had interests in the share capital of Lafarge Coppée SA, the ultimate holding company, as follows:-

	<u>Ordinary Shares</u>		<u>Options over Ordinary shares</u>	
	at <u>31.12.90</u>	at <u>30.06.90</u>	at <u>31.12.90</u>	at <u>30.06.90</u>
D M Calow	NIL	NIL	NIL	NIL
D A Hey	NIL	NIL	NIL	NIL
A S Beardmore	NIL	NIL	NIL	NIL
J S George	NIL	NIL	NIL	NIL

Employment of Disabled Persons

The Company's policy is to give disabled people full and fair consideration for all job vacancies for which they offer themselves as suitable applicants, having regard to their particular aptitudes and abilities. Training and career development opportunities are available to all employees and any employee who develops a disability during employment with the Company is given the chance of retraining wherever practicable.

Safety and Health

The Company has a strong commitment to safety in its operations. Residential Courses are provided in safety training. Special purpose safety training is also provided to other employees according to the needs of their work.

Employee Involvement and Communications

Matters affecting employees' interests are discussed through consultative committees and with trade unions where they represent employees.

A copy of the Annual Report of Lafarge Coppée SA (the Company's ultimate holding company) is sent to all employees. An in-house newspaper is distributed throughout the Lafarge Group eight times a year. This includes a summary of the Group's results and articles on individual developments as well as items of local interest.

Auditors

Touche Ross & Co were appointed auditors during the period and have indicated their willingness to be re-appointed auditors. A resolution will be submitted to the forthcoming Annual General Meeting to re-appoint Touche Ross & Co as Auditors.

By order of the Board
REDLAND SECRETARIES LIMITED


Secretary

Redland House
Reigate
Surrey
RH2 0SJ

25th October 1991

Company No 2163844

REPORT OF THE AUDITORS TO THE MEMBERS OF
REDLAND PLASTERBOARD LIMITED

We have audited the financial statements on pages 5 to 16 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1990 and of its loss and source and application of funds for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Hill House
1 Little New Street
London EC4A 3TR

Touche Ross & Co.

TOUCHE ROSS & CO
Chartered Accountants
and Registered Auditor

Dated : 25 October 1991

REDLAND PLASTERBOARD LIMITED

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PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31 DECEMBER 1990

		6 months Ended 31 December 1990	6 months Ended 30 June 1990
	Notes	£	£
TURNOVER	2,3	19,545,801	18,754,336
COST OF SALES	2	(22,225,440)	(19,458,274)
GROSS LOSS		(2,679,639)	(703,938)
ADMINISTRATION EXPENSES		(6,090,843)	(5,084,341)
EXCEPTIONAL COSTS	5	(2,456,425)	(6,032,050)
INTEREST RECEIVABLE AND SIMILAR INCOME		91,802	30,775
INTEREST PAYABLE AND SIMILAR CHARGES	6	(7,957)	(147,392)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	4	(11,143,062)	(11,936,946)
TAX ON LOSS ON ORDINARY ACTIVITIES	10	750,000	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION TRANSFERRED FROM RESERVES	19	(10,393,062)	(11,936,946)

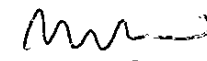

The notes on pages 8 to 16 form part of these financial statements.

REDLAND PLASTERBOARD LIMITED
BALANCE SHEET AT 31 DECEMBER 1990

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	Notes	31 December 1990	30 June 1990
FIXED ASSETS		£	£
Intangible assets	11	351,576	350,378
Tangible assets	12	42,227,741	43,038,872
		<u>42,579,317</u>	<u>43,389,250</u>
CURRENT ASSETS			
Stocks	14	5,862,848	8,525,066
Debtors	15	8,327,353	10,416,410
Cash at bank and in hand		1,401,826	825,775
		<u>15,592,027</u>	<u>19,767,251</u>
CREDITORS: amounts falling due within one year	16	(5,490,893)	(7,782,988)
NET CURRENT ASSETS		<u>10,101,134</u>	<u>11,984,263</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>52,680,451</u>	<u>55,373,513</u>
CAPITAL AND RESERVES			
Called up share capital	18	91,900,100	61,500,100
Reserves	19	(39,219,649)	(28,626,587)
		<u>52,680,451</u>	<u>32,873,513</u>
Advance payment for shares	18	-	22,500,000
		<u>52,680,451</u>	<u>55,373,513</u>

These financial statements were approved by the Board of Directors on 25 October 1991.

} Directors

The notes on pages 8 to 16 form part of these financial statements.

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE PERIOD ENDED 31 DECEMBER 1990

	6 months ended 31 December 1990 £	6 months ended 30 June 1990 £
SOURCE OF FUNDS		
Loss on ordinary activities before taxation	(11,43,062)	(11,936,946)
Adjustments for items not involving the movement of funds:		
Depreciation	2,606,217	297,858
Loss on disposal of tangible fixed assets	3,319	9,541
Write down of intangible asset	-	72,794
Capitalised pre-construction costs written off	-	537,938
Write down of tangible assets	654,635	-
	<hr/>	<hr/>
Total absorbed by operations	(8,481,891)	(11,018,815)
FUNDS FROM OTHER SOURCES		
Shares issued and paid	7,900,000	-
Proceeds of disposal of tangible fixed assets	69,438	47,155
Advance payment for shares	-	19,500,000
Amount received in respect of tax losses surrendered	750,000	-
	<hr/>	<hr/>
	237,547	8,528,340
	<hr/>	<hr/>
APPLICATION OF FUNDS		
Intangible fixed assets	1,198	-
Purchase of tangible fixed assets	1,919,478	4,500,749
Purchase of goodwill (note 22)	200,000	-
	<hr/>	<hr/>
	2,120,676	4,500,749
	<hr/>	<hr/>
WORKING CAPITAL -(DECREASE)/INCREASE	<hr/> (1,833,129) <hr/>	<hr/> 4,027,591 <hr/>
COMPONENTS OF INCREASE / (DECREASE) IN WORKING CAPITAL		
Stocks	(2,662,218)	1,621,472
Debtors	(2,089,057)	2,025,266
Creditors	1,977,647	20,277
	<hr/> (2,773,628) <hr/>	<hr/> 3,667,015 <hr/>
MOVEMENT IN NET LIQUID FUNDS		
Cash at bank and in hand	576,051	148,891
Bank loans and overdrafts	314,448	211,685
	<hr/>	<hr/>
	(1,883,129)	4,027,591
	<hr/>	<hr/>

The notes on pages 8 to 16 form part of these financial statements.

NOTES TO THE ACCOUNTS
FOR THE PERIOD ENDED 31 DECEMBER 1990

1. INCORPORATION

The company was incorporated on 14 September 1987 as Trushelfco (no 1120) Limited, and became Redland Plasterboard Limited on 9 October 1987.

These accounts cover the period from 1 July 1990 to 31 December 1990.

2. ACCOUNTING CONVENTIONS

These accounts have been prepared in accordance with Statements of Standard Accounting Practice issued by UK accounting bodies.

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the company's accounts.

(i) Accounting basis

The accounts are prepared under the historical cost convention.

(ii) Group accounts

The company is a wholly owned subsidiary of Redland Plasterboard Holdings Limited and accordingly group accounts have not been prepared.

(iii) Turnover

Turnover consists of the invoiced value of goods sold and services provided to customers, net of value added tax.

(iv) Cost of sales

Cost of sales includes distribution expenditure which is considered to be an integral part of the company's business.

(v) Stocks

Stocks are valued at the lower of cost including an appropriate proportion of production overheads and net realisable value.

(vi) Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Freehold property	50 years
Leasehold under 50 years	Term of lease
Plant and Equipment	20 years
Motor vehicles	4 years

NOTES TO THE ACCOUNTS
FOR THE PERIOD ENDED 31 DECEMBER 1990

(vii) Intangible fixed assets

Intangible fixed assets which include product licences and trade marks are amortised over the periods expected to benefit commencing with the period in which related sales are first made.

(viii) Goodwill

Goodwill arising on an acquisition is written off to reserves in the year it is incurred.

(ix) Deferred taxation

Provision for deferred tax is made only when there is a reasonable probability that a liability will crystallise within the foreseeable future.

(x) Foreign currencies

Assets and liabilities in foreign currencies are translated into £ sterling at the exchange rates ruling at the period end. Differences arising on the translation of foreign currencies are dealt with in the profit and loss account. Transactions denominated in foreign currencies are translated into pounds sterling at the rates ruling at the date of the transactions.

(xi) Pensions

The Company's employees are members of pension schemes administered by Redland PLC. These schemes comprise funded defined benefit plans. The expected cost of providing pensions to employees of the Company is charged to the profit and loss account as incurred over the period of pensionable employment of employees. The cost is calculated by Redland PLC based on the advice of independent actuaries, at what is expected to be a constant proportion of pensionable pay. Any surpluses or deficits in the schemes are dealt with in the accounts of Redland PLC.

3. TURNOVER

The turnover and pre-tax profit is wholly attributable to the supply of building materials.

	6 months to 31 December 1990	6 months to 30 June 1990
Geographical analysis of turnover:	£	£
United Kingdom	19,242,025	18,667,800
Continental Europe	303,776	86,536
	<hr/>	<hr/>
	19,545,801	18,754,336
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS
FOR THE PERIOD ENDED 31 DECEMBER 1990

4. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

This is stated after charging:	6 months to 31 December 1990 £	6 months to 30 June 1990 £
Distribution costs	5,250,585	3,391,209
Directors' emoluments including pension contributions (see note 7)	192,273	180,940
Auditors' remuneration	30,000	15,425
Depreciation	2,003,217	297,858
Interest receivable from group undertakings	-	14,843
Loss on sale of fixed assets	3,319	9,541
Operating lease - contract hire vehicles	154,455	274,262

5. EXCEPTIONAL COSTS

	6 months to 31 December 1990 £	6 months to 30 June 1990 £
Commissioning Costs	1,447,428	5,225,572
Pre-construction costs written off		
- capitalised in prior periods	-	537,938
- incurred in period	158,997	268,540
Reorganisation Provision	850,000	-
	<hr/>	<hr/>
	£2,456,425	£6,032,050

Plant commissioning costs, which were formerly treated as an integral part of productive plant, are now written-off as incurred.

As a result of a decision taken to concentrate further manufacturing facilities on the company's site at Bristol, certain pre-construction costs incurred in the period to 31 December 1990 in respect of an additional manufacturing site have been expensed.

In accordance with the concentration of manufacturing facilities at Bristol, £850,000 was provided in respect of rationalisation of distribution facilities.

6. INTEREST PAYABLE AND SIMILAR CHARGES

	6 months to 31 December 1990 £	6 months to 30 June 1990 £
Interest payable on bank and other borrowings repayable within 5 years	5,189	22,970
Interest payable on loans from group companies	750	121,387
Other similar charges	2,018	3,305
	<hr/>	<hr/>
	7,957	147,392

NOTES TO THE ACCOUNTS
FOR THE PERIOD ENDED 31 DECEMBER 1990

7. DIRECTORS' REMUNERATION

The emoluments of the chairman, Mr R S Napier, who resigned on 27 September 1990 are disclosed in the accounts of Redland PLC.

The emoluments of the highest paid director, excluding pension contributions, were £49,591 (30 June 1990 £39,305).

Other directors' emoluments, excluding pension contributions, fell within the following ranges:

	6 months to 31 December 1990	6 months to 30 June 1990
	Number	Number
£ Nil - £5,000	4	5
£5,001 - £10,000	1	1
£10,001 - £15,000	1	-
£20,001 - £25,000	-	3
£25,001 - £30,000	2	1
£35,001 - £40,000	1	-

8. STAFF COSTS

	6 months to 31 December 1990 £	6 months to 30 June 1990 £
Wages and salaries	1,868,750	2,061,546
Social security costs	128,983	167,335
Other pension costs	115,193	116,823
	<hr/>	<hr/>
	2,112,926	2,345,704
	<hr/>	<hr/>

The average number of persons employed by the company was as follows:

	Number	Number
Administration	94	99
Manufacturing & Distribution	171	169
	<hr/>	<hr/>
	265	268
	<hr/>	<hr/>

9. PENSIONS

The company's employees are members of pension schemes operated by Redland PLC, in whose accounts details of the latest actuarial valuations as at 31st June 1989 are disclosed.

NOTES TO THE ACCOUNTS
FOR THE PERIOD ENDED 31 DECEMBER 1990

10. TAX ON LOSS ON ORDINARY ACTIVITIES

	6 months to 31 December 1990 £	6 months to 30 June 1990 £
Amount received for group relief in respect of previous year tax losses surrendered.	£750,000	-

Unrelieved losses of approximately £20 million are available to reduce the tax liability in respect of future profits, subject to Inland Revenue agreement.

11. INTANGIBLE FIXED ASSETS

	£
Licence - Cost at beginning of period	350,378
Trademark fee	1,198
	<hr/>
Balance at 31 December 1990	351,576
	<hr/>

12. TANGIBLE FIXED ASSETS

	Freehold £	Leasehold <50 years £	Plant and equipment £	Motor Vehicles £	£
<u>Cost</u>					
At beginning of period	6,219,780	15,598,902	21,313,598	955,758	44,088,438
Capital expenditure	131,203	377,439	1,282,173	128,663	1,919,478
Disposals	-	-	-	(187,193)	(187,193)
Reclassification	-	(13,579)	13,579	-	-
Write-down	(164,668)	(254,939)	(387,509)	-	(807,116)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1990	6,186,315	15,707,823	22,222,241	897,228	45,013,607
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>Depreciation</u>					
At beginning of period	18,813	107,657	615,868	307,228	1,049,566
Charge for the period	1,568	415,388	1,478,986	107,275	2,003,217
Disposals	-	-	-	(114,436)	(114,436)
Write down	-	(75,083)	(77,398)	-	(152,481)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1990	<u>20,381</u>	<u>447,962</u>	<u>2,017,456</u>	<u>300,067</u>	<u>2,785,866</u>
Net book amount					
At 31 December 1990	<u>6,165,934</u>	<u>15,259,861</u>	<u>20,204,785</u>	<u>597,161</u>	<u>42,227,741</u>
Net book amount					
At 31 December 1989	<u>6,200,967</u>	<u>15,491,245</u>	<u>20,698,130</u>	<u>648,530</u>	<u>43,038,872</u>

REDLAND PLASTERBOARD LIMITED

NOTES TO THE ACCOUNTS
FOR THE PERIOD ENDED 31 DECEMBER 1990

All fixed assets are stated at historical cost.

To bring the company in line with the accounting policies adopted by Lafarge Coppee SA, which became the company's ultimate holding company in September 1990, certain fixed assets were written off during the period.

13. FIXED ASSET INVESTMENTS

	Group Undertakings
	31 December 1990
	£
Net investment in subsidiary	247,934
Loans from subsidiary undertaking	(247,934)
	<hr/>
Net book amount	-
	<hr/>

SUBSIDIARY UNDERTAKING

	Country of Incorporation	Share of equity held by the Company
Synkoloid Company Limited (Dormant)	England	100%

14. STOCKS

	31 December 1990 £	30 June 1990 £
Finished goods and goods for resale	4,492,972	6,749,066
Raw materials	1,369,876	1,776,000
	<hr/>	<hr/>
	5,862,848	8,525,066
	<hr/>	<hr/>

The book value and replacement cost of stocks are not materially different.

NOTES TO THE ACCOUNTS
FOR THE PERIOD ENDED 31 DECEMBER 1990

15. DEBTORS

	31 December 1990 £	30 June 1990 £
Trade debtors	5,745,775	7,697,418
Amounts owed by group undertakings	2,124,326	1,751,341
Prepayments and accrued income	232,377	178,489
Other debtors	224,875	789,162
	<hr/> 8,327,353	<hr/> 10,416,410

There are no amounts included in debtors which are due after more than one year (1989 Nil).

16. CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)

	31 December 1990 £	30 June 1990 £
Bank loans and overdrafts	-	314,448
Trade creditors	2,162,391	2,079,762
Amounts owed to undertakings in which the group has a participating interest	304,824	616,568
Amounts owed to group undertakings	170,594	563,360
Other creditors	954,849	363,460
Corporation tax	38,658	38,658
Accruals and deferred income	1,859,577	3,806,732
	<hr/> 5,490,893	<hr/> 7,782,988

17. DEFERRED TAXATION

There was no unprovided deferred taxation liability at 31 December 1990 or 30 June 1990.

NOTES TO THE ACCOUNTS
FOR THE PERIOD ENDED 31 DECEMBER 1990

21. ULTIMATE HOLDING COMPANY

At 31 December 1990, Lafarge Coppee SA, incorporated in France, was regarded by the directors as being the company's ultimate holding company.

The largest and smallest groups of undertakings for which group accounts are drawn up and of which this company is a member are:

Largest:

Lafarge Coppee SA
Incorporated in France

Address:

BP 410
92103 Boulogne-Billancourt
Paris, France

Smallest:

Redland Plasterboard Holdings Ltd
Registered in England

Address:

Redland House
Reigate
Surrey RH2 0SJ

Copies of the group accounts may be obtained from the addresses shown above.

21. GOODWILL ARISING ON ACQUISITIONS

The plasterboard business of Eternit UK Ltd was acquired during the period for cash consideration, including acquisition costs of £631,166. The goodwill of £200,000 arising on the acquisition represents the difference between the consideration and the net assets required.

Net assets acquired:	£
Goodwill	200,000
Stock	516,166
Creditors	(85,000)
	<u>£631,166</u>
Discharged by:	
Cash	<u>£631,166</u>

The book value of the net assets is considered to be the fair value and consequently no adjustment has been necessary to reflect differences in value.