

NO: 2362176

HANSON BUILDING HOLDINGS LIMITED

DIRECTORS' REPORT AND ACCOUNTS

IN RESPECT OF THE YEAR ENDED

31 DECEMBER 1998



HANSON BUILDING HOLDINGS LIMITED

DIRECTORS' REPORT

Directors: G Dransfield
A J H Dougal
S J Hurrell

Secretary: P D Tunnacliffe

Registered office: 1 Grosvenor Place, London SW1X 7JH

The directors present their report and the audited accounts of the company for the year ended 31 December 1998.

PRINCIPAL ACTIVITY

The principal activity of the company is that of a group investment holding company.

RESULTS AND DIVIDENDS

The profit for the year attributable to shareholders amounted to £1,121,664 and is dealt with as shown in the profit and loss account. Having paid interim dividends totalling £1,121,664, the directors do not recommend the payment of a final dividend for the year under review.

YEAR 2000

An internal review has been carried out of the potential impact on management information and operating systems both in administrative and production environments which indicates that the change over to the new millennium will not cause any major disruption or involve significant cost to the company. Full details are disclosed in Hanson plc group accounts for the year.

DIRECTORS

The directors shown at the head of this report are currently in office and served throughout the year under review.

DIRECTORS' INTERESTS

None of the directors had any declarable interests in the share or loan capital of the company or any associated company during the period under review.

ANNUAL GENERAL MEETINGS

Pursuant to the Elective Resolution of the company passed on 19 July 1991, 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, having consented to act, will continue in office as auditors.

HANSON BUILDING HOLDINGS LIMITED

DIRECTORS' REPORT

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts 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 for that period. In preparing those accounts, the directors are required to:

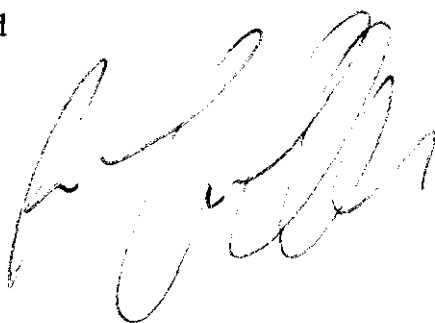
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts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

The directors confirm that the accounts comply with the above requirements.

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 accounts 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.

By order of the Board

P D Tunnacliffe
Secretary
28 June 1999



REPORT OF THE AUDITORS TO THE MEMBERS OF HANSON BUILDING HOLDINGS LIMITED

We have audited the accounts on pages 5 to 10 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 3, the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

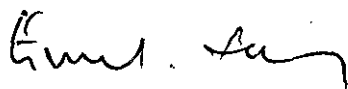
BASIS OF OPINION

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

OPINION

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Registered Auditor

Hull

28 June 1999

HANSON BUILDING HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1998

| | Note | <u>1998</u> <u>(12 months)</u> <u>£</u> | <u>1997</u> <u>(15 months)</u> <u>£</u> |
|--|-------------|--|--|
| Income from shares in group undertakings | | <u>1,402,080</u> | <u>1,026,250</u> |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | 2 | 1,402,080 | 1,026,250 |
| Taxation | 3 | <u>280,416</u> | <u>205,250</u> |
| PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION | | 1,121,664 | 821,000 |
| Dividend - interims paid | | (1,121,664) | (821,000) |
| PROFIT FOR THE FINANCIAL PERIOD | | <u><u>-</u></u> | <u><u>-</u></u> |

Movements on reserves are set out in note 6.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the profit of £1,121,664 in the year ended 31 December 1998 (profit of £821,000 in the 15 months ended 31 December 1997).

HANSON BUILDING HOLDINGS LIMITED

BALANCE SHEET - 31 DECEMBER 1998

| | Note | 1998 £ | 1997 £ |
|---|------|----------------------|----------------------|
| FIXED ASSETS | | | |
| Investments | 4 | <u>3,047,060,000</u> | <u>3,047,060,000</u> |
| CURRENT ASSETS | | | |
| Amount due from group undertakings | | 511,927,520 | 511,927,520 |
| CREDITORS - Amounts falling due within one year | | | |
| Amount due to group undertaking | | <u>423,740,235</u> | <u>423,740,235</u> |
| NET CURRENT ASSETS | | 88,187,285 | 88,187,285 |
| TOTAL ASSETS LESS LIABILITIES | | <u>3,135,247,285</u> | <u>3,135,247,285</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 5 | 3,133,902 | 3,133,902 |
| Share premium | 6 | 3,130,768,381 | 3,130,768,381 |
| Profit and loss account | 6 | 1,345,002 | 1,345,002 |
| Equity shareholders' funds | 6 | <u>3,135,247,285</u> | <u>3,135,247,285</u> |

Approved by the Board of Directors

28 June 1999

Graham Dransfield

G Dransfield

Director

HANSON BUILDING HOLDINGS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1998

1 ACCOUNTING POLICIES

a) Accounting convention

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

b) Fixed asset investments

Fixed asset investments are stated at cost except where it is required to make a provision for diminution in value.

2 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

This is stated after charging:

| | <u>1998</u> £ | <u>1997</u> £ |
|-------------------------|------------------|------------------|
| Auditors' remuneration | - | - |
| Directors' remuneration | <u>-</u> | <u>-</u> |

Certain fees for non-audit services provided by Ernst & Young to the company have been borne by the ultimate parent undertaking. It is not practicable to ascertain what proportion of such fees relates to the company.

3 TAXATION

| | <u>1998</u> £ | <u>1997</u> £ |
|-------------------------------------|------------------|------------------|
| Tax credit on UK dividends received | <u>280,416</u> | <u>205,250</u> |

There is no liability to corporation tax on result for the year.

HANSON BUILDING HOLDINGS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1998

4 FIXED ASSET INVESTMENTS

| | £ |
|---|----------------------|
| Shares in subsidiary undertakings at costs: At 31 December 1997 and 1998 | <u>3,047,778,000</u> |
| Provision for diminution in value At 31 December 1997 and 1998 | <u>718,000</u> |
| Net book value: At 31 December 1997 and 1998 | <u>3,047,060,000</u> |

At the balance sheet date the wholly owned directly held subsidiary undertakings of the company were:-

Hanson Facing Bricks Limited
Hanson Fletton Bricks Limited
Hanson Building Products Limited
Hanson ARC-Ventures Limited
Hanson ARC-Overseas Limited
Hanson (BHL) Limited

All are registered in England and Wales and act as group investment holding companies.

Principal indirect subsidiaries registered in England and Wales at the balance sheet date were:-

| | |
|-------------------------|---------------------|
| ARC Concrete Limited | Aggregates producer |
| ARC Holdings Limited | Aggregates producer |
| ARC South Wales Limited | Aggregates producer |
| Hanson Brick Limited | Bricks manufacturer |

HANSON BUILDING HOLDINGS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1998

4 FIXED ASSET INVESTMENTS (continued)

The company is a wholly-owned subsidiary undertaking of a body incorporated in the European Union and advantage has been taken of Section 228 of the Companies Act 1985 in that consolidated accounts have not been prepared. In the opinion of the directors the value of the company's investments in its subsidiary undertakings is not less than the amount at which they are stated in the balance sheet.

5 SHARE CAPITAL

| | <u>Authorised</u> <u>1997 and 1998</u> | <u>Alotted</u> <u>called up</u> <u>and fully paid</u> <u>1997 and 1998</u> |
|--------------------------------|---|---|
| | £ | £ |
| Ordinary shares of £1 each | - | - |
| 'A' Ordinary shares of £1 each | 3,965,000 | 3,099,814 |
| 'B' Ordinary shares of £1 each | 35,000 | 34,088 |
| | <u>4,000,000</u> | <u>3,133,902</u> |

All shares rank pari passu in all respects except that differential dividends may be paid in respect of either class of share.

6 MOVEMENT IN RESERVES AND RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | <u>Share</u> <u>Capital</u> <u>£</u> | <u>Share</u> <u>premium</u> <u>£</u> | <u>Profit and</u> <u>loss account</u> <u>£</u> | <u>Total</u> <u>£</u> |
|---------------------|--|--|--|--------------------------|
| At 31 December 1997 | 3,133,902 | 3,130,768,381 | 1,345,002 | 3,135,247,285 |
| Profit for the year | | | 1,121,664 | 1,121,664 |
| Dividends paid | | | (1,121,664) | (1,121,664) |
| At 31 December 1998 | <u>3,133,902</u> | <u>3,130,768,381</u> | <u>1,345,002</u> | <u>3,135,247,285</u> |

HANSON BUILDING HOLDINGS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1998

7 GROUP ACCOUNTS

The parent undertaking of the group of undertakings for which group accounts are drawn up and of which the company is a member is Hanson PLC, registered in England and Wales. Hanson PLC is also the ultimate parent undertaking. Copies of Hanson PLC's accounts can be obtained from 1 Grosvenor Place, London, SW1X 7JH.

The company has taken advantage of the exemption in FRS8 from disclosing transactions with related parties that are part of the Hanson PLC group.