

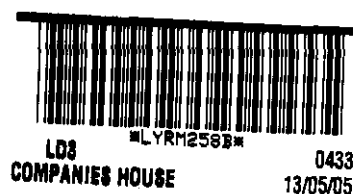
HANSON BUILDING MATERIALS EUROPE LIMITED

(REVISED)

DIRECTORS' REPORT AND ACCOUNTS

IN RESPECT OF THE PERIOD FROM

1 JANUARY 2003 TO 30 MARCH 2004



HANSON BUILDING MATERIALS EUROPE LIMITED

DIRECTORS' REPORT

Directors: G Dransfield
 A C Bolter
 N Swift

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 period from 1 January 2003 to 30 March 2004.

ACCOUNTING REFERENCE DATE

The accounting reference date of the Company was changed from 31 December to 30 March. The accounts for the period ended 30 March 2004 include the period from 1 January 2003 to 30 March 2004. The comparative period is from 1 January 2002 to 31 December 2002.

PRINCIPAL ACTIVITY

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

RESULTS AND DIVIDENDS

The loss for the period amounted to £46,906,698. The Directors are unable to recommend the payment of a dividend.

DIRECTORS

The Directors shown at the head of this report are currently in office. K J Ludlam and J R Read resigned as Directors on 28 May 2003, A C Bolter and N Swift were appointed Directors on 28 May 2003. G Dransfield served throughout the period.

DIRECTORS' INTERESTS

The Directors have no declarable interest in the share or loan capital of the Company during the period under review.

The shareholding and related interests in Hanson PLC of G Dransfield, A C Bolter and N Swift are disclosed in the accounts of Hanson Holdings (1) Limited for the period ended 30 March 2004.

ANNUAL GENERAL MEETINGS

Pursuant to the Elective Resolution of the Company passed on 13 February 1998, 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 S253 of the Companies Act 1985.

DIRECTORS' REPORT

AUDITORS

Ernst & Young LLP will be re-appointed as the Company's auditor in accordance with the elective resolution passed by the Company under S386 of the Companies Act 1985.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

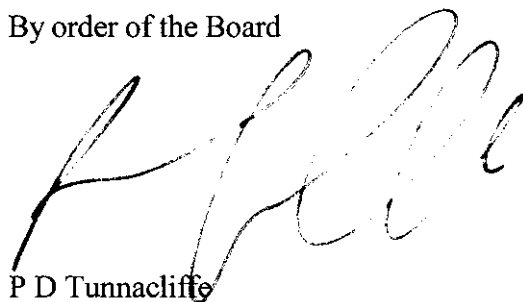
Company law requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss for that year. In preparing those accounts, the Directors are required to:

- 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; and
- 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
31 January 2005

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HANSON BUILDING MATERIALS EUROPE LIMITED

We have audited the Company's revised accounts for the period ended 30 March 2004 which comprise the Balance Sheet, Profit and Loss Account, Statement of Total Recognised Gains and Losses and the related notes 1 to 10. These accounts have been prepared on the basis of the accounting policies set out therein. The revised accounts replace the original accounts approved by the Directors on 31 January 2005.

This report is made solely to the Company's members, as a body, in accordance with S235 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 accounts in accordance with applicable United Kingdom law and accounting standards.

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

We report to you our opinion as to whether the accounts 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 accounts, 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 are also required to report whether, in our opinion, the original accounts failed to comply with the requirements of Companies Act 1985 in the respect identified by the Directors.

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 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. The audit of revised accounts includes the performance of additional procedures to assess whether the revisions made by the Directors are appropriate and have been properly made.

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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
HANSON BUILDING MATERIALS EUROPE LIMITED**

OPINION

In our opinion:

- 1) the revised accounts give a true and fair view, seen as at the date the original accounts were approved, of the state of affairs of the Company as at 30 March 2004 and of its loss for the period then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 as they have effect under the Companies (Revision of Defective Accounts and Report) Regulations 1990; and
- 2) the original accounts for the period ended 30 March 2004 failed to comply with the requirements of the Companies Act 1985 in the respects identified by the Directors in note 1.

Ernst & Young LLP.

Ernst & Young LLP
Registered Auditor
London
12 May 2005

HANSON BUILDING MATERIALS EUROPE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 30 MARCH 2004

	<u>Note</u>	<u>Period ended 30 March 2004 £</u>	<u>12 months ended 31 December 2002 £</u>
Release of provision against carrying value of investment		20,524,302	-
Provision against carrying value of investment		<u>(67,431,000)</u>	<u>(720,345,511)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2	(46,906,698)	(720,345,511)
Taxation	3	-	-
TRANSFER FROM RESERVES		<u>(46,906,698)</u>	<u>(720,345,511)</u>

Movements on reserves are set out in note 8.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses for the period ended 30 March 2004 other than the loss of £46,906,698 (loss of £720,345,511 for the year ended 31 December 2002).

HANSON BUILDING MATERIALS EUROPE LIMITED

BALANCE SHEET AT 30 MARCH 2004

	<u>Note</u>	<u>30 March</u> <u>2004</u> <u>£</u>	<u>31 December</u> <u>2002</u> <u>£</u>
FIXED ASSETS			
Investments	4	2,143,107,791	2,190,014,489
CURRENT ASSETS			
Debtors	5	129,753,585	628,493,820
CREDITORS – Amounts falling due within one year	6	-	(498,740,235)
NET CURRENT ASSETS		<u>129,753,585</u>	<u>129,753,585</u>
TOTAL ASSETS LESS LIABILITIES		<u>2,272,861,376</u>	<u>2,319,768,074</u>
CAPITAL AND RESERVES			
Called up share capital	7	3,133,902	3,133,902
Share premium reserve		3,130,768,381	3,130,768,381
Profit and loss account	8	(861,040,907)	(814,134,209)
Equity shareholders' funds	9	<u>2,272,861,376</u>	<u>2,319,768,074</u>

Approved by the Board of Directors
12 May 2005



A C Bolter
Director

NOTES TO THE ACCOUNTS – 30 MARCH 2004**1 ACCOUNTING POLICIES****a) Revision by replacement**

The revised accounts replace the original report for the period ended 30 March 2004. They are now the statutory accounts of the Company for the period ended 30 March 2004. They have been prepared as at 31 January 2005, being the date of approval of the original accounts and not at 12 May 2005, being the date of the approval of the revision and accordingly, the accounts do not deal with any events between these dates. The original accounts did not comply with the requirements of the Companies Act 1985 in that Balance Sheet and Note 4 stated that the net book value of the investments as at 30 March 2004 was £2,143,007,791 and Note 8 stated that the Profit and Loss account as at 30 March 2004 was £(861,040,097). These typographical errors have been corrected and after the revisions, Balance Sheet and Note 4 state that the net book value of the fixed assets investments is £2,143,107,791 and Note 8 states that the Profit and Loss Account as at 30 March 2004 is £(861,040,907). The original accounts for the period ended 30 March 2004, approved on 31 January 2005, were accompanied by a Directors' Report, approved on the same date. The Directors' Report has not been revised.

b) Accounting convention

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

The Company has taken advantage of the exemption available to it under FRS 1 "Cash Flow Statements" not to prepare a statement of cash flows.

c) Fixed asset investments

Fixed asset investments are stated at cost less any provisions required to reflect a permanent diminution in value.

2 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

This is stated after charging:

	<u>Period ended</u> <u>30 March</u> <u>2004</u> <u>£</u>	<u>12 months ended</u> <u>31 December</u> <u>2002</u> <u>£</u>
Auditors' remuneration	-	-
Directors' remuneration	-	-

Fees for audit and non-audit services provided by Ernst & Young LLP 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.

The Directors are also Directors of, and were paid by, the ultimate parent undertaking and/or other group undertakings. The Directors do not believe that it is practicable to apportion these emoluments between their services as Directors of the Company and their services as Directors of the ultimate parent undertaking and/or other group undertaking.

HANSON BUILDING MATERIALS EUROPE LIMITED

NOTES TO THE ACCOUNTS – 30 MARCH 2004

3 TAXATION

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

	<u>Period ended</u> <u>30 March</u> <u>2004</u> <u>£</u>	<u>12 months ended</u> <u>31 December</u> <u>2002</u> <u>£</u>
Loss on ordinary activities before taxation	(46,906,698)	(720,345,511)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2002: 30%)	(14,072,009)	(216,103,653)
Effects of:		
Changes in provisions against carrying value of investments not deductible	14,072,009	216,103,653
Current tax charge for the year	-	-

4 FIXED ASSET INVESTMENTS

Shares in subsidiary undertakings:

	<u>Cost</u> <u>£</u>	<u>Provision</u> <u>£</u>	<u>Net book value</u> <u>£</u>
As at 31 December 2002	3,047,778,000	(857,763,511)	2,190,014,489
Additions	-	(67,431,000)	(67,431,000)
Provision releases	-	20,524,302	20,524,302
As at 30 March 2004	<u>3,047,778,000</u>	<u>(904,670,209)</u>	<u>2,143,107,791</u>

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.

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

	<u>Country of registration and operation</u>	<u>Principal activity</u>	<u>Proportion of shares held and voting rights</u>
Hanson Facing Bricks Limited	England & Wales	Investment company	100%
Hanson Building (2003) Products Limited	England & Wales	Investment company	100%
Hanson (BHL) Limited	England & Wales	Non trading	100%
Hanson Quarry Products Ventures Limited	England & Wales	Investment company	100%
Hanson Quarry Products Overseas Limited	England & Wales	Dormant	100%

HANSON BUILDING MATERIALS EUROPE LIMITED

NOTES TO THE ACCOUNTS – 30 MARCH 2004

FIXED ASSET INVESTMENTS cont

Principal indirect subsidiaries at the balance sheet date were:-

	<u>Country of registration and operation</u>	<u>Principal activity</u>
Hanson Concrete Products Limited	England & Wales	Aggregates producer
Hanson Quarry Products Holdings Limited	England & Wales	Aggregates producer
Hanson Aggregates South Wales Limited	England & Wales	Aggregates producer

The Company is a wholly-owned subsidiary undertaking of a body incorporated in the European Union and advantage has been taken of S228 of the Companies Act 1985 in that consolidated accounts have not been prepared. The accounts present information about the Company as an individual undertaking.

5 DEBTORS

	<u>30 March 2004 £</u>	<u>31 December 2002 £</u>
Amounts owed by group undertakings	<u>129,753,585</u>	<u>628,493,820</u>

There are no formal agreements for the repayment of amounts due to or from group undertakings.

6 CREDITORS: Amount falling due within one year

	<u>30 March 2004 £</u>	<u>31 December 2002 £</u>
Amounts owed to group undertakings	<u>-</u>	<u>498,740,235</u>

7 SHARE CAPITAL

	<u>Authorised £</u>	<u>Allotted, called up and fully paid £</u>
As at 31 December 2002 and 30 March 2004:		
‘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.

HANSON BUILDING MATERIALS EUROPE LIMITED

NOTES TO THE ACCOUNTS – 30 MARCH 2004

8 PROFIT AND LOSS ACCOUNT

	<u>£</u>
As at 31 December 2002	(814,134,209)
Loss for the period	<u>(46,906,698)</u>
As at 30 March 2004	<u>(861,040,907)</u>

9 RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	<u>Period ended</u> <u>30 March</u> <u>2004</u> <u>£</u>	<u>Period ended</u> <u>31 December</u> <u>2002</u> <u>£</u>
Loss for the period	(46,906,698)	(720,345,511)
Opening equity shareholders' funds	<u>2,319,768,074</u>	<u>3,040,113,585</u>
Closing equity shareholders' funds	<u>2,272,861,376</u>	<u>2,319,768,074</u>

10 GROUP ACCOUNTS

The immediate parent undertaking of Hanson Building Materials Europe Limited is Hanson Holdings (1) Limited, a company registered in England and Wales and the ultimate parent undertaking is Hanson PLC, a company registered in England and Wales. The largest and smallest group preparing consolidated group accounts which include Hanson Building Materials Europe Limited is Hanson PLC for the year ended 31 December 2003.

Copies of the accounts of Hanson PLC can be obtained from 1 Grosvenor Place, London, SW1X 7JH.

The Company has taken advantage of the exemption available to it in FRS 8 "Related Party Disclosures" from disclosing transactions with related parties that are part of the Hanson PLC group.