

Registered number: 02670582

CHB PHR LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

FRIDAY



A1IEOJDK

A68

28/09/2012

#228

COMPANIES HOUSE

CHB PHR LIMITED

COMPANY INFORMATION

DIRECTORS

D J Clarke (appointed 1 June 2011)
B J Guyatt (resigned 1 June 2011)
E A Gretton
M Boone
D P Sharman
J A Claydon
J P Morrish (resigned 1 September 2012)
P J O'Shea
S Pirinccioğlu

COMPANY SECRETARY

R T V Tyson

COMPANY NUMBER

02670582

REGISTERED OFFICE

Hanson House
14 Castle Hill
Maidenhead
SL6 4JJ

AUDITOR

Ernst & Young LLP
The Paragon
Counterslip
Bristol
BS1 6BX

CHB PHR LIMITED

CONTENTS

| | Page |
|---|--------|
| Directors' report | 1 - 3 |
| Independent auditor's report | 4 - 5 |
| Profit and loss account | 6 |
| Statement of total recognised gains and losses | 7 |
| Balance sheet | 8 |
| Notes to the financial statements | 9 - 19 |

CHB PHR LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

The Directors present their report and the financial statements for the year ended 31 December 2011

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The principal activities of the Company are that of a group investment holding company and the lead company for a group defined benefit scheme

The Directors note the result for the year and are satisfied with the performance given the circumstances of the Company

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £2,096,000 (2010 - loss £275,000)

The Directors do not recommend the payment of a dividend for the year (2010 £nil)

FUTURE DEVELOPMENTS

The Directors anticipate that the Company will continue as a group investment holding company and to act as the lead company of the pension scheme for the foreseeable future

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's liabilities to the Pension scheme are based on current third party actuarial advice and agreements with the scheme trustee's. However the future liability may be significantly different depending upon future mortality rates, inflation, the performance of the invested funds and other variables

Outside of its obligations to the pension scheme the Company's results arise from transactions with fellow group undertakings in the group headed by HeidelbergCement AG. The Directors are therefore of the opinion that the Company is not directly exposed to significant risks and uncertainties, however, by the very nature of its trade the Company is indirectly exposed to similar risks and uncertainties to those faced by other group undertakings. Details of the principal risks and uncertainties facing the group headed by HeidelbergCement AG are disclosed in the financial statements of that Company

DIRECTORS

The Directors who served during the year were

D J Clarke (appointed 1 June 2011)
B J Guyatt (resigned 1 June 2011)
E A Gretton
M Boone
D P Sharman
J A Claydon
J P Morrish (resigned 1 September 2012)
P J O'Shea
S Pirinccioglu

DIRECTORS' INDEMNITY

A fellow group undertaking has indemnified, by means of directors' and officers' liability insurance, one or more of the Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' Report

CHB PHR LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

GOING CONCERN

The Company is a holding company and its assets comprise investments in group undertakings and amounts receivable from group undertakings. In addition, the carrying value of the Company's investments in group undertakings is also supported by amounts receivable from group undertakings held by those entities. The recoverability of these assets is dependent on the financial position of the HeidelbergCement AG group, of which the Company is an indirect subsidiary.

The medium term funding requirements of the pension scheme have been agreed with the pension trustees.

The Directors, having assessed the responses of the management of the Company's ultimate parent HeidelbergCement AG to their enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the HeidelbergCement AG group to continue as a going concern.

On the basis of their assessment of the Company's financial position and of the enquiries made of the management of HeidelbergCement AG, the Company's Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

CHB PHR LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011**

PROVISION OF INFORMATION TO AUDITOR

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that

- so far as that Director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information

AUDITOR

Ernst & Young LLP, having confirmed their willingness to act, will continue in office as auditors of the Company

This report was approved by the board on 26 September 2012 and signed on its behalf



R T V Tyson
Secretary

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CHB PHR LIMITED

We have audited the financial statements of CHB PHR Limited for the year ended 31 December 2011, which comprise the Profit and loss account, the Statement of total recognised gains and losses, the Balance sheet and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 Auditor's 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 AUDITOR

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CHB PHR LIMITED

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Ernst & Young LLP

Jane Barwell (Senior statutory auditor)

for and on behalf of

Ernst & Young LLP, Statutory Auditor

The Paragon
Counterslip
Bristol
BS1 6BX

27 September 2012

CHB PHR LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2011**

| | Note | 2011 £000 | 2010 £000 |
|--|-------------|----------------------|----------------------|
| Administrative expenses | | (435) | (134) |
| OPERATING LOSS | 2 | (435) | (134) |
| Interest payable and similar charges | 4 | (1,399) | (164) |
| Other finance income | 5 | - | (464) |
| LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION | | (1,834) | (762) |
| Tax on loss on ordinary activities | 6 | (262) | 487 |
| LOSS FOR THE FINANCIAL YEAR | 13 | (2,096) | (275) |

All amounts relate to continuing operations

The notes on pages 9 to 19 form part of these financial statements

CHB PHR LIMITED**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2011**

| | Note | 2011 £000 | 2010 £000 |
|---|-------------|----------------------|----------------------|
| LOSS FOR THE FINANCIAL YEAR | | (2,096) | (275) |
| Net actuarial gain related to pension scheme | 15 | 446 | 18,312 |
| Deferred tax attributable to actuarial gain | 15 | 3,491 | (3,491) |
| Pension surplus not recognised | 15 | (17,091) | - |
| TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR | | (15,250) | 14,546 |

The notes on pages 9 to 19 form part of these financial statements

CHB PHR LIMITED
REGISTERED NUMBER: 02670582

BALANCE SHEET
AS AT 31 DECEMBER 2011

| | Note | £000 | 2011 £000 | £000 | 2010 £000 |
|--|------|-----------|--------------|-----------|--------------|
| FIXED ASSETS | | | | | |
| Investments | 7 | | 6,071 | | 6,071 |
| CURRENT ASSETS | | | | | |
| Debtors | 8 | 84,208 | | 84,468 | |
| CREDITORS amounts falling due within one year | 9 | (118,949) | | (114,737) | |
| NET CURRENT LIABILITIES | | | (34,741) | | (30,269) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | (28,670) | | (24,198) |
| PROVISIONS FOR LIABILITIES | | | | | |
| Provisions | 11 | | (6,193) | | (4,853) |
| NET LIABILITIES EXCLUDING PENSION SCHEME ASSETS | | | (34,863) | | (29,051) |
| Defined benefit pension scheme asset | 15 | | - | | 9,438 |
| NET LIABILITIES INCLUDING PENSION SCHEME ASSETS | | | (34,863) | | (19,613) |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 12 | | 72,764 | | 72,764 |
| Share premium account | 13 | | 58,662 | | 58,662 |
| Profit and loss account | 13 | | (166,289) | | (151,039) |
| SHAREHOLDERS' DEFICIT | 14 | | (34,863) | | (19,613) |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 September 2012



D J Clarke
Director

The notes on pages 9 to 19 form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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

1.2 Group financial statements

No consolidated group financial statements have been prepared because at 31 December 2011, the Company was a wholly owned subsidiary undertaking of HeidelbergCement AG (incorporated in Germany) and thus satisfies the conditions for exemption under section 400 of the Companies Act 2006. These financial statements contain information about the Company as an individual undertaking, and not its group.

1.3 Going concern

The financial statements have been prepared on the going concern basis as the Company's ultimate parent undertaking, which indirectly owns the Company's entire share capital, has committed to continue to support the Company for the foreseeable future, in order that it can meet its liabilities as and when they fall due.

1.4 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.5 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

1.6 Deferred taxation

Deferred taxation 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:

- Provision is made for tax on gains arising from the revaluation of fixed assets (and similar fair value adjustments), or gains on disposal of fixed assets only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made when, on the basis of all the available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax when the replacement assets are sold.

- Deferred tax assets are recognised only to the extent that the directors consider it 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

1. ACCOUNTING POLICIES (continued)

1.7 Pensions

The cost of providing benefits under the defined benefit plans is determined using the projected unit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and is based on actuarial advice. Past service costs are recognised in profit or loss on a straight-line basis over the vesting period or immediately if the benefits have vested. When a settlement or a curtailment occurs the change in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss which is recognised in the profit and loss account. Losses are measured at the date that the employer becomes demonstrably committed to the transaction and gains when all parties whose consent is required are irrevocably committed to the transaction.

The interest element of the defined benefit cost represents the change in present value of scheme obligations relating from the passage of time, and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year. The expected return on plan assets is based on an assessment made at the beginning of the year of long-term market returns on scheme assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year. The difference between the expected return on plan assets and the interest cost is recognised in the income statement as other finance income or expense.

Actuarial gains and losses are recognised in full in the statement of recognised gains and losses in the period in which they occur.

The defined benefit pension asset or liability on the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds that have been rated at AA or equivalent status), less any past service cost not yet recognised and less the fair-value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. An asset is only recognised to the extent that it is deemed recoverable by the Company. The valuation of the scheme has been based on the most recent actuarial valuation as at 31 March 2010.

1.8 Provisions for liabilities

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions in respect of pension administration costs and onerous leases are charged against the profit and loss account when an obligation has been determined. The effect of the time value of money is material and therefore the provisions have been discounted using appropriate rates.

1.9 Operating leases

Rentals payable under operating leases are set against the onerous lease provision on a straight line basis over the lease term.

CHB PHR LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011****2. OPERATING LOSS**

| | 2011 £000 | 2010 £000 |
|--|----------------------|----------------------|
| Provision for pension administration and onerous lease (note 11) | 435 | 134 |
| Auditors remuneration | - | - |
| Total | 435 | 134 |

Fees for audit and non-audit services provided to the Company have been borne by other group undertakings. It is not practicable to ascertain what proportion of such fees relates to the Company.

3. STAFF COSTS

The company has no employees other than the Directors, who did not receive any remuneration (2010 - £NIL)

4. INTEREST PAYABLE

| | 2011 £000 | 2010 £000 |
|-------------------------------------|----------------------|----------------------|
| On loans from group undertakings | 58 | - |
| Unwinding of discount on provisions | 1,341 | 164 |
| | 1,399 | 164 |

5. OTHER FINANCE INCOME

| | 2011 £000 | 2010 £000 |
|--|----------------------|----------------------|
| Expected return on pension scheme assets | 6,994 | 7,529 |
| Interest on pension scheme liabilities | (6,994) | (7,993) |
| | - | (464) |

The expected return on the pension scheme assets has been restricted in the current year to the expected interest cost as the pension asset being recognised on the balance sheet has been restricted see note 15

CHB PHR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

6. TAXATION

| | 2011 £000 | 2010 £000 |
|---|--------------|--------------|
| Analysis of tax charge /(credit) in the year | | |
| Deferred tax | | |
| Origination and reversal of timing differences | 239 | (505) |
| Effect of change in tax rate | 23 | 18 |
| Total deferred tax (see note 10) | <u>262</u> | <u>(487)</u> |
| Tax on loss on ordinary activities | <u>262</u> | <u>(487)</u> |

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2010 - higher than) the standard rate of corporation tax in the UK of 26.5% (2010 - 28%). The differences are explained below

| | 2011 £000 | 2010 £000 |
|--|----------------|--------------|
| Loss on ordinary activities before tax | <u>(1,834)</u> | <u>(762)</u> |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010 - 28%) | (486) | (213) |
| Effects of | | |
| Short term timing difference leading to an increase (decrease) in taxation | (1,225) | (935) |
| Group relief | 1,929 | 1,358 |
| Transfer pricing adjustments | (218) | (210) |
| Current tax charge for the year (see note above) | <u>-</u> | <u>-</u> |

Factors that may affect future tax charges

Announcements were made to changes in the tax rates that will have an effect on future tax charges of the Company. From 1 April 2012, the rate of corporation tax was reduced from 26% to 24% and from 1 April 2013, the rate will reduce from 24% to 23%. However, as at the balance sheet date, the corporation tax change that had been substantively enacted was a reduction, from 1 April 2012, in the rate from 26% to 25%.

The impact of the additional reduction to 23% on the deferred tax balance is that the total asset would be reduced by £18,000 with the corresponding increase to the tax charge in the Profit and Loss account. A further annual reduction of 1% from 1 April 2014 to reduce the rate to 22% has been announced but not substantively enacted. The impact of the reduction from 25% to 22% on the deferred tax balance is that the total asset would be decreased by £27,000 with the corresponding increase to the tax charge in the Profit and Loss account.

CHB PHR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

7. FIXED ASSET INVESTMENTS

| | Investments in subsidiary companies £000 | Unlisted investments £000 | Total £000 |
|---|--|---------------------------------|---------------|
| Cost or valuation | | | |
| At 1 January 2011 and 31 December 2011 | 6,050 | 21 | 6,071 |
| Net book value | | | |
| At 31 December 2011 | 6,050 | 21 | 6,071 |
| At 31 December 2010 | 6,050 | 21 | 6,071 |

Subsidiary undertakings

The investments in which the Company directly held more than 20% of the nominal value of any class of share capital are as follows

| <u>Name</u> | <u>Class of share</u> | <u>Holding</u> | <u>Business</u> | <u>Registered office</u> |
|---------------|-----------------------|----------------|-----------------|--------------------------|
| E Sub Limited | Ordinary | 100 % | Dormant | England and Wales |

8. DEBTORS

| | 2011 £000 | 2010 £000 |
|------------------------------------|---------------|---------------|
| Due within one year | | |
| Amounts owed by group undertakings | 83,968 | 83,968 |
| Other debtors | 15 | 13 |
| Deferred tax asset (see note 10) | 225 | 487 |
| | <u>84,208</u> | <u>84,468</u> |

Amounts owed by group undertakings are unsecured, interest free and repayable on demand

CHB PHR LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011****9 CREDITORS****Amounts falling due within one year**

| | 2011 | 2010 |
|------------------------------------|----------------|----------------|
| | £000 | £000 |
| Bank loans and overdrafts | - | 375 |
| Other loans | 21 | 21 |
| Amounts owed to group undertakings | 118,928 | 114,341 |
| | <u>118,949</u> | <u>114,737</u> |

Included within amounts owed to group undertakings is £4,374,000 on which interest is payable at 2.5% above the overnight LIBOR, the remaining amounts owed to group undertakings are interest free. All amounts owed to group undertakings are unsecured and repayable on demand. Other loans are repayable on demand and interest is payable annually at 1% above base rate.

10 DEFERRED TAX ASSET

| | 2011 | 2010 |
|---|-------------|-------------|
| | £000 | £000 |
| At beginning of year | 487 | - |
| (Charged for)/ Credited during the year | (262) | 487 |
| At end of year | <u>225</u> | <u>487</u> |

The deferred tax asset is made up as follows

| | 2011 | 2010 |
|-------------------------------|-------------|-------------|
| | £000 | £000 |
| Short term timing differences | <u>225</u> | <u>487</u> |

CHB PHR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

11. PROVISIONS

| | Onerous Lease £000 | Pension admin costs £000 | Total £000 |
|------------------------|--------------------------|--------------------------------|---------------|
| At 1 January 2011 | 510 | 4,343 | 4,853 |
| Additions | - | 464 | 464 |
| Amounts used | (183) | (253) | (436) |
| Amounts reversed | (29) | - | (29) |
| Discounted adjustments | 30 | 1,311 | 1,341 |
| At 31 December 2011 | 328 | 5,865 | 6,193 |

Onerous Lease

Provision has been made for onerous lease commitments and other attributable costs in relation to some properties. The provision will be utilised over the remaining life of the leases as detailed in note 16. All amounts which are due in more than 12 months are discounted using appropriate rates in line with the length of the leases. At the year end the discount rates used were between 0.54%- 1.89% (2010 1.58%- 3.28%).

Pension admin costs

A provision has been recognised for the pension administration costs in relation to the defined benefit pension scheme. The administration fees are expected to be utilised over the life of the scheme. All amounts which are due in more than 12 months are discounted at a rate of 3.18% (2010 4.37%).

12. SHARE CAPITAL

| | 2011 £000 | 2010 £000 |
|---|---------------|---------------|
| Allotted, called up and fully paid | | |
| 52,763,697 Ordinary shares of £1 each | 52,764 | 52,764 |
| 20,000,000 'A' Ordinary shares of £1 each | 20,000 | 20,000 |
| | <u>72,764</u> | <u>72,764</u> |

The Ordinary Shares and the "A" Ordinary shares rank pari passu in all respects except that on a poll the "A" ordinary shares carry 100 votes per share.

CHB PHR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

13. RESERVES

| | Share premium account £000 | Profit and loss account £000 |
|--------------------------|-------------------------------------|------------------------------------|
| At 1 January 2011 | 58,662 | (151,039) |
| Loss for the year | - | (2,096) |
| Pension reserve movement | - | (13,154) |
| At 31 December 2011 | 58,662 | (166,289) |

The closing balance on the Profit and loss account includes nil (2010 - £9,438,000), stated after deferred taxation of £nil (2010 - £3,491,000), in respect of pension scheme liabilities of the company pension scheme

14 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

| | 2011 £000 | 2010 £000 |
|---|--------------|--------------|
| Opening shareholders' deficit | (19,613) | (34,159) |
| Loss for the year | (2,096) | (275) |
| Other recognised gains and (losses) during the year | (13,154) | 14,821 |
| Closing shareholders' deficit | (34,863) | (19,613) |

15 PENSION COMMITMENTS

During the year, the Company participated in the Electricity Supply Pension Scheme "the Scheme" and relevant employees are eligible for benefits under this funded Scheme, which is, in the main, of the defined benefit type. Funds are held externally under the supervision of the corporate trustee.

The valuation of the Scheme has been based on the most recent actuarial valuation at 31 March 2010 and was updated by Hewitt Associates Limited to take account of the requirements of FRS17 in order to assess the liabilities of the Scheme at 31 December 2011 and 31 December 2010. Scheme assets are stated at their market value at the respective balance sheet dates.

The amount recognised on the Balance sheet is

| | 2011 £000 | 2010 £000 |
|-------------------------------------|--------------|--------------|
| Present value of funded obligations | (145,425) | (135,943) |
| Fair value of scheme assets | 162,516 | 148,872 |
| Surplus in scheme | 17,091 | 12,929 |
| Surplus not recognised | (17,091) | - |
| Surplus included in balance sheet | - | 12,929 |
| Related deferred tax liability | - | (3,491) |
| Net asset | - | 9,438 |

CHB PHR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

15. PENSION COMMITMENTS (continued)

The amounts recognised in profit or loss are as follows

| | 2011 £000 | 2010 £000 |
|---------------------------------------|----------------------|----------------------|
| Interest on obligation | (6,994) | (7,993) |
| Expected return on scheme assets | 6,994 | 7,529 |
| Total | - | (464) |
| Actual return on scheme assets | 18,009 | 15,070 |

Changes in the present value of the defined benefit obligation are as follows

| | 2011 £000 | 2010 £000 |
|---|----------------------|----------------------|
| Opening defined benefit obligation | 135,943 | 146,634 |
| Interest cost | 6,994 | 7,993 |
| Actuarial losses/(gains) | 10,573 | (10,771) |
| Benefits paid | (8,085) | (7,913) |
| Closing defined benefit obligation | 145,425 | 135,943 |

Changes in the fair value of scheme assets are as follows

| | 2011 £000 | 2010 £000 |
|--|----------------------|----------------------|
| Opening fair value of scheme assets | 148,872 | 138,815 |
| Expected return | 6,994 | 7,529 |
| Actuarial gains and (losses) | 11,019 | 7,541 |
| Contributions by employer | 3,716 | 2,900 |
| Benefits paid | (8,085) | (7,913) |
| Closing fair value of scheme assets | 162,516 | 148,872 |

The company expects to contribute £3,264,000 to its Defined benefit pension scheme in 2012

The expected return on the main assets classes are set out below

| | 2011 | 2010 |
|-------------------------------|-------------|-------------|
| Equities | 6.80 % | 8.05 % |
| Index linked government bonds | 2.80 % | 4.05 % |
| Corporate bonds | 4.30 % | 5.05 % |

CHB PHR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

15. PENSION COMMITMENTS (continued)

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages)

| | 2011 | 2010 |
|------------------------------|-------------|-------------|
| Discount rate at 31 December | 4.70 % | 5.30 % |
| Future pension increases | 2.96 % | 3.12 % |
| Inflation | 3.05 % | 3.25 % |

The mortality assumptions for 31 December 2011 and 2010 are based on standard mortality tables which allow for future mortality improvements. The assumptions are that a member currently aged 60 will live for a further 26.9 (2010: 26.4) years if they are male and for a further 28.7 (2010: 29 years) if they are female. For a member who retires in 2021 at age 60 the assumptions mean that they will live on average for a further 27.9 (2010: 28) years after retirement if they are male and for a further 29.7 (2010: 29.4) years after retirement if they are female.

Rate of return approach

A building block approach is used to determine the long-term rate of return on pension plan assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed long-term rate of return on each asset class has been set by directors following discussions with their advisors. The overall expected rate of return on assets is then derived by aggregating the expected return on each asset class over the actual asset allocation for the pension scheme at the beginning of the period.

Amounts for the current and previous four periods are as follows

Defined benefit pension schemes

| | 2011 £000 | 2010 £000 | 2009 £000 | 2008 £000 | 2007 £000 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Defined benefit obligation | (145,425) | (135,943) | (146,634) | (132,509) | (141,400) |
| Scheme assets | 162,516 | 148,872 | 138,815 | 129,992 | 140,032 |
| Surplus/(deficit) | 17,091 | 12,929 | (7,819) | (2,517) | (1,368) |
| Experience adjustments on scheme liabilities | (1,575) | 12,290 | (1,761) | (6,250) | (3,581) |
| Experience adjustments on scheme assets | 11,019 | 7,541 | 6,002 | 11,993 | 1,256 |

CHB PHR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

Sensitivity analysis

| | Change in assumption | Impact on Scheme Liabilities |
|-----------------------|---------------------------------------|---------------------------------|
| Discount rate | Increase 1% Decrease 1% | Decreases 13 % Increases 16% |
| Inflation assumptions | Increase 1% Decrease 1% | Increases 16% Decreases 12 % |
| Mortality | Increase of 1 year Decrease 1 year | Increases 4% Decreases 4% |

16. OPERATING LEASE COMMITMENTS

At 31 December 2011 the company had annual commitments under non-cancellable operating leases as follows

| | Land and buildings | |
|-------------------------|--------------------|------|
| | 2011 | 2010 |
| | £000 | £000 |
| Expiry date: | | |
| Between 2 and 5 years | 64 | 64 |
| After more than 5 years | 371 | 347 |

17. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption in FRS 8 Related Party Transactions not to disclose transactions with wholly owned subsidiaries in the group headed by HeidelbergCement AG

18. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The Company's immediate parent undertaking is CHB Group Limited, a company registered in England and Wales. The Company's ultimate parent undertaking is HeidelbergCement AG, a company registered in Germany. The largest and smallest group in which the results of the Company are consolidated is that headed by HeidelbergCement AG. Copies of the consolidated financial statements of HeidelbergCement AG may be obtained from Berliner Strasse 6, D-69120 Heidelberg, Germany.