

Civil and Marine (Holdings) Limited

Report and Financial Statements

For The Year Ended

31 December 2006

Registered Number 2854405



Civil and Marine (Holdings) Limited

Company information

Directors

D Smith
G C McArdle
E J Laurie
P J O'Shea
A R H Sindel
G Dransfield
G N Pattison

Secretary

P D Tunnacliffe

Auditors

Ernst & Young LLP
One Bridewell Street
Bristol
BS1 2AA

Registered office

1 Grosvenor Place
London
SW1X 7JH

Company number

2854405

Civil and Marine (Holdings) Limited

Report and Financial Statements

Year Ended 31 December 2006

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Civil and Marine (Holdings) Limited

Directors' Report

Year Ended 31 December 2006

The Directors present their report and financial statements of the Company for the year ended 31 December 2006

Principal Activities, Review of the Business and Future Developments

The principal activity of the Company relates to the research and development, processing, marketing and sale of ground granulated blast furnace slag for use in the concrete industry

The Directors consider that the results for the year are satisfactory and are confident about the Company's future prospects. No significant changes to the business are expected to occur in the foreseeable future.

Results and Dividends

The results for the year are shown in the profit and loss account on page 6. The retained loss for the year after tax was £7,674,000 (2005: £902,000). The Directors recommend that no dividend be paid and propose a transfer from reserves.

Principal Risks and Uncertainties

- **Raw Material Supply Risk**

The Company may be unable to meet demand if insufficient raw material is available from third party suppliers. This risk is mitigated by working closely with suppliers and identifying alternative raw material sources. The Company is working with its raw material suppliers in the UK to improve productivity and efficiency.

- **Market Demand Risk**

Demand for the Company's products is predominantly from the construction sector. Confidence in the construction sector is key to maintaining demand and relevant trends are monitored closely to ensure that production capacity remains in line with demand.

- **Energy Risk**

The manufacture of Ground Granulate Blast Furnace Slag ("GGBS") consumes significant volumes of gas and electricity as part of the production process. Whilst the Company constantly reviews methods of reducing gas and electricity consumption, increases in these costs may significantly increase the cost of production. To mitigate volatility of these costs the Company actively manages the risk through partial forward buying of gas requirements and locking in to fixed price contracts for the supply of electricity.

- **Credit Risk**

Credit risk is the potential exposure of the Company to loss in the event of non-performance by a counter party. The Company controls this credit risk through credit approval, limits and insurance where applicable. The majority of the Company's large customers are large multinational companies which should provide lower overall risk.

- **Regulatory Risk**

The construction industry is subject to a wide range of regulatory measures, both UK and European emission regulations through the Environment Agency and other areas such as competition law. A breach of these laws or regulations could affect some of the Company's production facilities or could result in a lengthy enquiry or management consuming investigation. This risk is mitigated by maintaining strict policies and procedures to ensure compliance with all regulatory requirements.

Civil and Marine (Holdings) Limited

Directors' Report (continued)

Year Ended 31 December 2006

Key Performance Indicators

The Company forms part of the Hanson Aggregates United Kingdom ("HAUK") operating division of Hanson Limited (formerly Hanson PLC). The division is managed according to operational lines rather than statutory entity. The HAUK operating division incorporates a number of statutory entities.

Key performance indicators are managed at a divisional level. As a result, the Directors have taken the decision not to disclose performance against KPIs in individual subsidiary financial statements. Management assesses divisional performance against a number of financial KPIs including turnover, profitability, sales volumes, average selling prices, and market share alongside other non-financial KPIs such as health and safety records and levels of customer satisfaction. Group performance against KPIs is disclosed in the financial statements of Hanson Limited (formerly Hanson PLC).

Directors' Liabilities

A fellow group undertaking has indemnified, by means of directors' and officers' liability insurance, one or more Directors of the Company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985. Such qualifying third party indemnity provision was in force during the year and is in force as at the date of approving the Directors' report.

Post Balance Sheet Events

On 4 April 2007, the immediate parent Company, Hanson Quarry Products Europe Limited, sold its 100% shareholding in the Company to Hanson Holdings Limited, a fellow group undertaking registered in England and Wales. On 27 April 2007, Hanson Holdings Limited sold its 100% shareholding in the Company to Civil and Marine Limited, a fellow group undertaking registered in England and Wales.

On 23 August 2007, Lehigh UK Limited ("Lehigh") became the owner of the entire share capital of Hanson Limited (formerly Hanson PLC), the previous ultimate parent company of Civil and Marine (Holdings) Limited. Lehigh's immediate parent company is HeidelbergCement AG, a company incorporated in Germany. HeidelbergCement AG is the largest and smallest company preparing consolidated accounts including Lehigh, and consequently, from 23 August 2007, HeidelbergCement AG is the largest and smallest company preparing consolidated accounts including Civil and Marine (Holdings) Limited.

Directors and their Interests

The Directors who served during the year were as follows:

J M L Uren	(Resigned 1 March 2006)
C A Hill	(Resigned 1 March 2006)
D Smith	Appointed 1 March 2006
G C McArdle	Appointed 1 March 2006
J R Read	Appointed 1 March 2006
E J Laurie	Appointed 1 March 2006
P J O'Shea	Appointed 1 March 2006
J E Beck	(Resigned 30 June 2006)
A E Moore	

A R H Sindel was appointed as a Director on 26 February 2007, G Dransfield was appointed as a Director on 20 March 2007 and G N Pattison was appointed as a Director on 13 July 2007. A E Moore resigned as a Director on 13 July 2007 and J R Read resigned as a Director on 24 September 2007.

Civil and Marine (Holdings) Limited

Directors' Report (continued)

Year Ended 31 December 2006

Research and Development

The Company carries out research and development on its own behalf to advance the marketability of its products

Supplier Payment Practice

It is the Company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers, providing that all trading terms and conditions have been complied with

Donations

Charitable donations totalling £36,777 (2005 £27,373) were made in the year

Annual General Meetings

Pursuant to the Elective Resolution of the Company passed on 13 July 2007, 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 financial statements before a general meeting on giving due notice to that effect in accordance with Section 253 of the Companies Act 1985

Auditors and Disclosure of Information to Auditors

The Directors who held office at the date of approval of the Directors report each confirm that, so far as they are aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the Company's auditors are unaware, and that they have each taken all the steps that ought to have been taken as a Director of the Company to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

This confirmation is given in accordance with the provisions of Section 234ZA of the Companies Act 1985

Auditors

Under section 386 of the Companies Act 1985, the Company has dispensed with the obligation to re-appoint auditors annually. Ernst & Young LLP will be re-appointed as the Company's auditors in accordance with the elective resolution passed by the Company under section 386 of the Companies Act 1985

By Order of the Board



G N Pattison

Director

30 October 2007

Civil and Marine (Holdings) Limited

Statement of the Directors' Responsibilities in respect of the Financial Statements

Year Ended 31 December 2006

The Directors are responsible for preparing the annual 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 Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 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,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 that 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.

Civil and Marine (Holdings) Limited

Independent Auditors' Report

to the members of Civil and Marine (Holdings) Limited

We have audited the Company's financial statements for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 25. These financial statements have been prepared under 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

The Directors are responsible for preparing the annual report and financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether, in our opinion, the information given in 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2006 and of its loss for the year then ended,
- The financial statements have been properly prepared in accordance with the Companies Act 1985, and
- The information given in the Directors' Report is consistent with the financial statements.

Ernst & Young LLP
Ernst & Young LLP

Registered auditor

Bristol

Date 30 October 2007

Civil and Marine (Holdings) Limited

Profit and Loss Account

Year Ended 31 December 2006

	Note	2006 £'000	2005 £'000
Turnover	2	19,682	17,787
Cost of sales		(10,106)	(9,174)
Gross profit		9,576	8,613
Distribution costs		(5,186)	(5,089)
Administrative expenses		(3,028)	(4,671)
Exceptional administrative expenses	4	(13,635)	-
Total administration expenses		(16,663)	(4,671)
Operating loss	3	(12,273)	(1,147)
Interest receivable and similar income	8	191	85
Interest payable and similar charges	9	(68)	(676)
Loss on ordinary activities before taxation		(12,150)	(1,738)
Taxation	10	4,476	836
Retained loss for the financial year	19	(7,674)	(902)

All of the Company's results for the year arise from continuing operations

There are no recognised gains and losses other than the loss reported above therefore no separate statement of total recognised gains and losses has been reported

There is no difference between the loss on ordinary activities before taxation and its historical cost equivalent

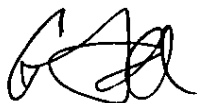
Civil and Marine (Holdings) Limited

Balance Sheet

At 31 December 2006

	Note	2006 £'000	2005 £'000
Fixed assets			
Tangible assets	11	9,147	9,772
Investments	12	58,560	58,560
		<u>67,707</u>	<u>68,332</u>
Current assets			
Deferred taxation asset	16	2,379	-
Stocks	13	960	1,152
Debtors	14	11,835	6,602
Cash at bank and in hand		2	(849)
		<u>15,176</u>	<u>6,905</u>
Creditors amounts falling due within one year	15	(61,882)	(44,465)
Net current liabilities		<u>(46,706)</u>	<u>(37,560)</u>
Total assets less current liabilities		21,001	30,772
Provisions for liabilities and charges	16	-	(2,097)
Net assets		<u>21,001</u>	<u>28,675</u>
Capital and reserves			
Called up share capital	17	13,628	13,628
Share premium account	18	2,781	2,781
Capital redemption reserve	18	320	320
Profit and loss account	18	4,272	11,946
Equity Shareholders' funds		<u>21,001</u>	<u>28,675</u>

Approved by the board and signed on its behalf by



G C McArdle,
Director
30 October 2007

Civil and Marine (Holdings) Limited

Notes to the Financial Statements

At 31 December 2006

1. Accounting policies

a) Basis of preparation

The financial statements are prepared in accordance with applicable accounting standards, using the historical cost convention

The Company has taken advantage of the exemption from the obligation to prepare group accounts under section 228 of the Companies Act 1985. The financial information in these accounts thus relates to the Company as an individual undertaking.

Under Financial Reporting Standard 1 (Revised 1996) – Cash Flow Statements, the Company is exempt from the requirement to prepare a cash flow statement as it is a wholly owned subsidiary undertaking within the Hanson Limited (formerly Hanson PLC) group.

The financial statements have been prepared on a going concern basis as the Company is able to call on the distributable reserves of its subsidiaries to settle the Company's net current liabilities as and when they fall due.

b) Fixed assets and depreciation

Depreciation is provided by the straight line method over the following periods:

Freehold land	not depreciated
Freehold buildings	20 – 25 years
Plant and equipment	4 – 20 years
Fixtures, fittings and office machines	3– 4 years
Motor vehicles	4 years

c) Research and development

All expenditure on research and development is charged to revenue as it is incurred.

d) Pension costs

The Company participates in a defined benefit pension scheme and a defined contribution benefit scheme. The scheme actuaries are unable to identify separately the relevant portion of the defined benefit scheme assets and liabilities between the participating employers. Accordingly, all contributions are expensed as the liability for payment arises.

e) Stocks

Stocks are stated at the lower of cost, including appropriate production and other overheads, and net realisable value.

f) Operating leases

Rentals under operating leases are charged to the profit and loss account as they fall due.

g) Foreign currency translation

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Differences are taken to the profit and loss account.

Civil and Marine (Holdings) Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2006

1. Accounting policies (continued)

h) 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, 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
- Provision is made for gains which have been rolled over into replacement assets only to the extent that, at the balance sheet date there is a commitment to dispose of the replacement assets
- 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

i) Investments

Fixed asset investments and investments in group undertakings are stated at cost less provisions for impairment

j) Share-Based Payments

The Company participates in the Hanson Limited (formerly Hanson PLC) Sharesave incentive scheme as a method of retaining and incentivising key staff. The Company's employees have the option of participating in the scheme, which gives them the option to purchase Hanson Limited (formerly Hanson PLC) shares at a price below market value. This scheme is accounted for in the accounts of Hanson Limited (formerly Hanson PLC) and no charge is made in the accounts of the Company in respect of this scheme. Disclosures related to this scheme are included in note 6.

Civil and Marine (Holdings) Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2006

2. Turnover

Turnover represents amounts invoiced in respect of goods provided during the year excluding value added tax and relates to one class of business reflecting sales made exclusively in the United Kingdom, where all of the Company's assets are located

3 Operating loss

2006	2005
£'000	£'000

The operating loss is stated after charging the following amounts

Staff costs (note 5)	2,180	4,957
Exceptional staff costs (note 4)	13,635	-
Research and development	174	153
Operating lease rentals		
- other than plant and machinery	67	50
Depreciation (note 11)	944	945
Auditors' remuneration		
- Company audit fees	30	16
Loss on sale of fixed assets	2	-
	<u>2,180</u>	<u>4,957</u>

4 Exceptional administrative expenses

2006	2005
£'000	£'000

Exceptional staff costs	13,635	-
	<u>13,635</u>	<u>-</u>

Transactions costs relate to costs incurred by the Company on acquisition by Hanson Quarry Products Europe Limited on 1 March 2006. It includes £6,669,000 in relation to additional contributions in to the North East Slag Cement Pension Plan and £6,966,000 in relation to loyalty bonuses

5. Staff costs

2006	2005
£'000	£'000

Wages and salaries	1,746	4,088
Social security costs	165	575
Pension costs	269	294
	<u>2,180</u>	<u>4,957</u>

2006	2005
Number	Number

The average number of persons employed by the Company during the year was

32	29
<u>32</u>	<u>29</u>

Included within other pension costs of £269,000 (2005 £294,000) are contributions to defined contribution schemes of £14,000 (2005 nil) and contributions to defined benefit schemes of £255,000 (2005 £294,000)

Staff costs exclude the loyalty bonuses and contributions to the North East Slag Cement Pension Plan charged to exceptional administrative costs as described in note 4

Civil and Marine (Holdings) Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2006

6 Share-Based Payments

Since 1 March 2006 the Company has participated in a UK HM Revenue & Customs approved savings related Sharesave Scheme made available to all UK employees of the group headed by Hanson Limited (formerly Hanson PLC). Options are granted, at a discount of up to 20% of the market price at the date of invitation to participate in the Scheme, over three, five or seven year savings contracts and options are exercisable during the six month period following completion of the savings contract. Options are valued using a Black-Scholes model.

During 2006, options were granted over 12,090 shares which will ordinarily be exercisable at an exercise price of 611 0p per share during the period 1 June to 30 November 2009 for the three year savings contract, 1 June to 30 November 2011 for the five year savings contract, and 1 June to 30 November 2013 for the seven year savings contract. The weighted average fair value of each Hanson Limited (formerly Hanson PLC) share under option granted is £1.81.

The following tables illustrate the number, weighted average exercise prices of and movements in, shares under option during the year in the Sharesave Scheme.

	2006 Number Outstanding	2006 Weighted average exercise price in pence
Granted during the year	12,090	611 0
Outstanding as at 31 December	12,090	611 0

There were no shares which were exercisable as at 31 December 2006.

Range of exercise price for the sharesave Scheme (pence per share)

Options outstanding

	2006 Number Outstanding	2006 Weighted average remaining contract life	2006 Weighted average exercise price in pence
328 1p – 611 0p	12,090	3.9	611 0

Civil and Marine (Holdings) Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2006

6. Share-Based Payments (continued)

The following tables show the assumptions used to fair value the equity settled options granted in the Sharesave Scheme

	2006 Sharesave 3 year	2006 Sharesave 5 year	2006 Sharesave 7 year
Dividend yield (%)	3.3	3.3	3.3
Expected volatility (%)	19.6	23.0	25.5
Risk-free interest rate (%)	4.6	4.6	4.6
Expected life of options (years)	3.4	5.4	7.4
Share price at award / grant (pence)	737.0	737.0	737.0
Exercise price (pence)	611.0	611.0	611.0

The weighted average share price for Hanson Limited (formerly Hanson PLC) shares during the year was 697.4p. The expected volatility for Hanson Limited (formerly Hanson PLC) shares has been calculated using historical data over a term commensurate with the expected life of each award/option. The expected volatility figures used in the valuations were calculated based on the following principles:

- Historic weekly volatility over periods of increasing length ending on the date when each grant/award was determined, and
- The volatility figures above were used to calculate a weighted average volatility for the term commensurate with the expected term of the award / option being valued.

Civil and Marine (Holdings) Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2006

7. Directors' emoluments	2006 £'000	2005 £'000
Emoluments	2,262	2,898
Contributions to defined benefit pension schemes	411	30
	<u>2,673</u>	<u>2,928</u>
In respect of the highest paid Director		
Emoluments	1,136	2,494
Contributions to defined benefit pension schemes	19	-
	<u>1,155</u>	<u>2,494</u>
The number of Directors in office at the balance sheet date to whom retirement benefits are accruing are	Number	Number
Defined benefit pension scheme	<u>-</u>	<u>2</u>
Director's emoluments include the Directors' share of loyalty bonuses charged to exceptional administrative costs described in note 4		
8 Interest receivable and similar income	2006 £'000	2005 £'000
Bank interest receivable	<u>191</u>	<u>85</u>
9. Interest payable and similar charges	2006 £'000	2005 £'000
Interest payable on bank loans repayable by instalments fully within five years	53	592
Amortisation of loan arrangement fees	-	30
Other finance costs	15	54
	<u>68</u>	<u>676</u>

Civil and Marine (Holdings) Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2006

10. Taxation	2006 £'000	2005 £'000
(a) Analysis of tax charge in year		
UK Corporation tax on losses in the year (note 10(b))	-	(351)
Deferred tax		
Origination and reversal of timing differences (note 16)		
- Current year credit	(4,830)	(485)
- Prior year charge	354	-
Tax credit on loss on ordinary activities	<u>(4,476)</u>	<u>(836)</u>
(b) Factors affecting tax charge for the year		
The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 30%		
The differences are explained below		
Loss on ordinary activities before tax	<u>(12,150)</u>	<u>(1,738)</u>
Loss on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK of 30% (2005 30%)	(3,645)	(521)
Effects of		
Expenses not deductible for tax purposes	1,382	10
Depreciation in excess of capital allowances	282	135
Imputed interest on loans	(696)	-
Group losses surrendered for nil payment	2,677	-
Other	-	21
Current tax charge for the year (note 10(a))	<u>-</u>	<u>(355)</u>

(c) Factors affecting future tax charges

In the 2007 budget, the Chancellor announced a decrease in the headline rate of corporation tax from 30% to 28%. This lower rate is effective from 1 April 2008. The impact of this change to the results of the year would be a decrease in profits of £159,000.

As the change had not been substantively enacted at the balance sheet date, this decrease is not reflected in the results of the year, it is noted as a non-adjusting post balance sheet event.

Civil and Marine (Holdings) Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2006

11	Tangible assets	Freehold	Plant,	Fixtures,	Total
		Land and	Machinery	Fittings and	
		Buildings	and Motor	Office	
		£'000	Vehicles	Equipment	£'000
	Cost or valuation				
	At 1 January 2006	258	16,884	325	17,467
	Additions	-	266	53	319
	Disposals	-	(34)	-	(34)
	At 31 December 2006	258	17,116	378	17,752
	Accumulated depreciation				
	At 1 January 2006	138	7,344	213	7,695
	Charge for the year	6	879	59	944
	Disposals	-	(34)	-	(34)
	At 31 December 2006	144	8,189	272	8,605
	Net book value				
	At 31 December 2006	114	8,927	106	9,147
	At 1 January 2006	120	9,540	112	9,772
12	Investments			2006	2005
				£'000	£'000
	Investments in subsidiary undertakings			58,560	58,560

All the principal subsidiary undertakings, as shown below, are wholly owned, apart from Calumite Limited and Calumite Sro which are 51% owned

Company	Nature of business	Country of Incorporation or Registration and Principal operation
Civil and Marine Slag Cement Limited	Slag manufacturing	England and Wales
Appleby Group Limited	Slag manufacturing	England and Wales
Civil and Marine Inc	Slag manufacturing	U S A
Calumite Limited*	Manufacture of glass making materials	England and Wales
Calumite Sro*	Manufacture of glass making materials	Czech Republic

* indirectly owned companies

Civil and Marine (Holdings) Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2006

13. Stocks

	2006 £'000	2005 £'000
Consumable stores and spares	886	1,102
Finished goods	74	50
	<u>960</u>	<u>1,152</u>

14 Debtors

	2006 £'000	2005 £'000
Trade debtors	3,252	2,114
Amounts owed by group undertakings	7,867	4,360
Other debtors	587	1
Prepayments and accrued income	129	127
	<u>11,835</u>	<u>6,602</u>

15. Creditors: amounts falling due within one year

	2006 £'000	2005 £'000
Bank loans	-	6,000
Bank overdraft	209	818
Trade creditors	3,486	3,140
Amounts owed to group undertakings	57,365	34,154
Other creditors including taxation and social security	184	-
Accruals and deferred income	638	353
	<u>61,882</u>	<u>44,465</u>

Civil and Marine (Holdings) Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2006

16. Provisions for liabilities and charges

	2006 £'000	2005 £'000
Deferred taxation:		
Opening balance	2,097	2,582
current year credit	(4,830)	(485)
prior year charge	354	-
Closing balance	<u>(2,379)</u>	<u>2,097</u>

The balance of deferred tax is comprised of

Accelerated capital allowances	2,198	2,097
Other timing differences	(4,577)	-
	<u>(2,379)</u>	<u>2,097</u>

17. Called up share capital

	Authorised £'000	Allotted Issued and Fully paid £'000
At 1 January 2006 and 31 December 2006		
Ordinary shares of £1 each	<u>15,628</u>	<u>13,628</u>

18. Reserves

	Capital Redemption Reserve £'000	Share Premium Account £'000	Profit and Loss Account £'000	Total £'000
At 1 January 2006	320	2,781	11,946	15,047
Transfer from profit and loss account for the year	-	-	(7,674)	(7,674)
At 31 December 2006	<u>320</u>	<u>2,781</u>	<u>4,272</u>	<u>7,373</u>

Civil and Marine (Holdings) Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2006

19. Reconciliation of movements in Shareholders' funds

	2006 £'000	2005 £'000
Loss for the financial year	(7,674)	(902)
Opening shareholders' funds	28,675	29,577
Closing shareholders' funds	<u>21,001</u>	<u>28,675</u>

20. Pensions

During the year the Company participated in the North East Slag Cement Pension Plan (the "Plan") which on 1 October 2006 was merged with the Hanson Industrial Pension Scheme ("the Scheme"). Relevant employees are now eligible for benefits under this new Scheme, which is, in the main, of the defined benefit type. Funds are held externally under the supervision of the corporate trustee. Several other subsidiaries of Hanson Limited (formerly Hanson PLC) also participate in the Scheme and it is not possible to identify the Company's share of the Scheme's assets and liabilities in a consistent and reasonable way. Therefore, in accordance with FRS17, both the Plan and the Scheme are treated as defined contribution schemes with contributions expensed to the profit and loss account when they become payable.

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 2004. For accounting purposes it has been assumed that future investment returns would be at the rate of 5.7% per annum. It has been assumed that the basic level of pay increases would average 4.5% per annum and pension increased would average 2.75% on pensions in excess of the GMP (with statutory increases applied to the GMP).

The most recent valuation of the Scheme, as at 1 January 2004, revealed a small deficit which has triggered a resumption of Company contributions to the Scheme to support the future accrual of pension benefits. In addition Hanson Limited (formerly Hanson PLC) is paying contributions to extinguish the deficit. The next valuation of the scheme is currently underway and the position at 1 January 2007 is being reviewed.

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 separately identify the Company's share of the assets and liabilities of the Scheme on a reasonable basis. The Company's contribution to the Scheme depends upon the financial position of the Scheme as a whole and is treated as if they were contributions to a defined contributions scheme. Accordingly, the pension cost charged to the Company's profit and loss account for 2006 was £6,924,000 (2005 £294,000), including £6,669,000 (2005 £nil) in respect of the additional contribution as described in note 4, representing contributions paid to the Plan and the Scheme by the Company. The Company's contributions to the Scheme depend upon the financial position of the scheme as a whole.

Civil and Marine (Holdings) Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2006

20 Pensions (continued)

FRS17 disclosure

The net pension deficit of the Scheme under FRS17 was as follows

	2006 £'000	2005 £'000
Market value of Scheme assets	1,179,300	1,093,856
Present value of Scheme liabilities	(1,190,509)	(1,107,363)
FRS17 pension deficit	(11,209)	(13,507)
Deferred tax	3,363	4,053
Net FRS17 pension deficit	(7,846)	(9,454)

The net pension deficit of the North East Slag Cement Pension Plan under FRS17 was as follows

	2006 £'000	2005 £'000
Market value of Plan assets	-	16,483
Present value of Plan liabilities	-	(22,674)
FRS17 pension deficit	-	(6,191)
Deferred tax	-	1,857
Net FRS17 pension deficit	-	(4,334)

As described above, the North East Slag Cement Pension Plan was merged with the Hanson Industrial Pension Scheme on 1 October 2006. As such no data as at 31 December 2006 is available for the Plan.

21. Commitments under operating leases

At 31 December the Company had annual commitments under operating leases expiring as follows

	2006 £'000	2005 £'000
Land and buildings		
- within two to five years	30	30
- after five years	37	37
	67	67

Civil and Marine (Holdings) Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2006

22 Employee share trust

During 1994, the Company formed an Employee Share Trust ("the Trust"). The Trust was set up to enable payments to be made to employees and other beneficiaries at the discretion of the Trustees. Voluntary contributions to the trust are accounted for in the profit and loss account of the Company as they are incurred. The scheme was wound up during the year.

23. Related party transactions

During the year, the Company paid £nil (2005: £179,298) to Reed Smith for legal services. Chris Hill, a former Director of the Company, is a partner at Reed Smith.

The Company has taken advantage of paragraph 3 of the Financial Reporting Standard 8 – Related Party Disclosures, in not disclosing transactions with group undertakings, in the group headed by Hanson Limited (formerly Hanson PLC).

24 Immediate and ultimate parent Company

At the balance sheet date, the Company's immediate parent Company was Hanson Quarry Products Europe Limited, a Company registered in England and Wales. The Company's ultimate parent Company was Hanson Limited (formerly Hanson PLC), a Company registered in England and Wales. Copies of Hanson Limited (formerly Hanson PLC) consolidated financial statements can be obtained from 1 Grosvenor Place, London, SW1X 7JH.

On 4 April 2007, the immediate parent Company, Hanson Quarry Products Europe Limited sold its 100% shareholding in the Company to Hanson Holdings Limited, a fellow group undertaking registered in England and Wales. On 27 April 2007 Hanson Holdings Limited sold its 100% shareholding in the Company to Civil and Marine Limited, a fellow group undertaking registered in England and Wales.

25 Post balance sheet events

On 23 August 2007, Lehigh UK limited ("Lehigh") became the owner of the entire share capital of Hanson Limited (formerly Hanson PLC), the previous ultimate parent company of Civil and Marine (Holdings) Limited. Lehigh's immediate parent company is HeidelbergCement AG, a company incorporated in Germany. HeidelbergCement AG is the largest and smallest company preparing consolidated accounts including Lehigh, and consequently, from 23 August 2007, HeidelbergCement AG is the largest and smallest company preparing consolidated accounts including Civil and Marine (Holdings) Limited.