

NO: 02902926

PIONEER INTERNATIONAL GROUP HOLDINGS LIMITED

DIRECTORS' REPORT AND ACCOUNTS

IN RESPECT OF THE 18 MONTHS ENDED

31 DECEMBER 2000



PIONEER INTERNATIONAL GROUP HOLDINGS LIMITED

DIRECTORS' REPORT

Directors: G Dransfield
K J Ludlam
J R Read

Secretary: P D Tunnacliffe

Auditors: Ernst & Young LLP, Becket House, 1 Lambeth Palace Road, London SE1 7EU

Registered Office: 1 Grosvenor Place, London SW1X 7JH

The directors present their report and the audited accounts of the company for the 18 months ended 31 December 2000.

RESULTS AND DIVIDENDS

The profit for the 18 months amounted to £160,834,000 (1999: 12 months £44,610,000). Interim dividends of £7,613,000 (1999: £5,845,000) were paid during the year. The directors do not recommend the payment of a final dividend.

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS DEVELOPMENTS

The company is now principally an investment holding company within the Hanson PLC group. The subsidiary undertakings and their activities are given in note 6 to the accounts.

EVENTS OCCURRING SINCE THE BALANCE SHEET DATE

On 30 November 2001 the company disposed of its investment in Pioneer International BV to a fellow subsidiary within the Hanson PLC group for £151,730,000.

DIRECTORS AND THEIR INTEREST

G Dransfield, K J Ludlam and J R Read were all appointed on 31 October 2000. J Marlay and N Swift both resigned on 7 November 2000 and R G Elstone resigned on 10 May 2000.

According to the register maintained as required under the Companies Act 1985, the directors have no interest in the share capital of the company.

The shareholding and related interest in Hanson PLC of G Dransfield is disclosed in the Hanson PLC accounts for the year ended 31 December 2000. The interests of K J Ludlam and J R Read in Hanson PLC are disclosed in the accounts of Houserate Ltd for the year ended 31 December 2000.

PIONEER INTERNATIONAL GROUP HOLDINGS LIMITED

DIRECTORS' REPORT

AUDITORS

Subsequent to the acquisition of the company by Hanson PLC, Arthur Andersen resigned as the company's auditor on 9 January 2001, and Ernst & Young were appointed in their place.

On 28 June 2001, Ernst & Young, the Company's auditor, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001. 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:

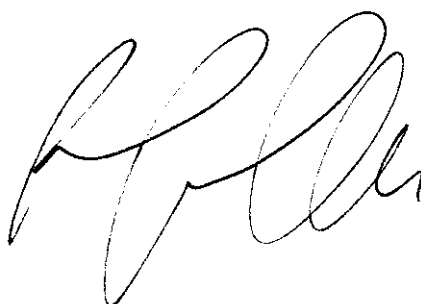
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts 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
Company Secretary
21 December 2001



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PIONEER INTERNATIONAL GROUP HOLDINGS LIMITED

We have audited the company's financial statements for the period ended 31 December 2000 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 13. These financial statements have been prepared on the basis of the accounting policies set out therein.

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 financial statements in accordance with applicable United Kingdom law and accounting standards.

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

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 if, in our opinion, 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 transactions with the company 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.

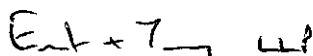
BASIS OF AUDIT OPINION

We conducted our audit in accordance with 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 financial statements. It also includes an assessment of the significant estimates and judgements 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 of the state of affairs of the company as at 31 December 2000 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
London
21 December 2001

PIONEER INTERNATIONAL GROUP HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE 18 MONTHS ENDED 31 DECEMBER 2000

	<u>Note</u>	<u>18 Months</u> <u>2000</u> <u>£ 000</u>	<u>12 Months</u> <u>1999</u> <u>£ 000</u>
Income from investments	4	27,823	46,236
Provision for diminution in value of investments		(87,569)	-
Other costs		(625)	(1,422)
Operating (loss)/profit		(60,371)	44,814
Interest		-	(24)
Profit on sale of investments	3	221,205	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		160,834	44,790
Tax on profit on ordinary activities		-	(180)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		160,834	44,610
Dividends		(7,613)	(5,845)
RETAINED PROFIT FOR THE PERIOD		153,221	38,765

Movement on reserves are set out in note 10.

Statement of total recognised gains and losses

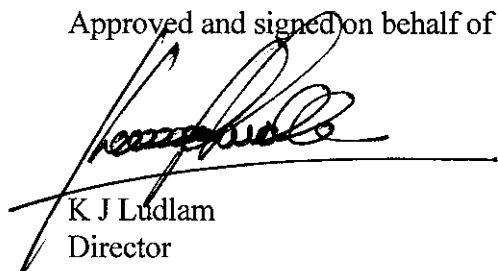
There are no recognised gains and losses other than the profit in the period of £160,834,000 (1999 – profit for the financial year of £44,610,000) attributable to shareholders of the company, shown above.

PIONEER INTERNATIONAL GROUP HOLDINGS LIMITED

BALANCE SHEET AT 31 DECEMBER 2000

	<u>Note</u>	<u>2000</u> <u>£ 000</u>	<u>1999</u> <u>£ 000</u>
FIXED ASSETS			
Tangible assets	5	-	58
Investments	6	1,030,864	488,050
		<u>1,030,864</u>	<u>488,108</u>
CURRENT ASSETS			
Debtors	7	25,631	614
Cash at bank and in hand		135	110
		<u>25,766</u>	<u>724</u>
Creditors (amounts falling due within one year)	8	(11,226)	(5,827)
NET CURRENT ASSETS / (LIABILITIES)		<u>14,540</u>	<u>(5,103)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>1,045,404</u>	<u>483,005</u>
CAPITAL AND RESERVES			
Called up share capital - equity	9	4,693	2,257
- non-equity	9	103,935	103,935
Share premium	10	744,476	337,734
Profit and loss account	10	192,300	39,079
SHAREHOLDERS' FUNDS		<u>1,045,404</u>	<u>483,005</u>

Approved and signed on behalf of the Board


K J Ludlam
Director

21 December 2001

PIONEER INTERNATIONAL GROUP HOLDINGS LIMITED

NOTES TO THE ACCOUNTS – 18 MONTHS ENDED 31 DECEMBER 2000

1 ACCOUNTING POLICIES

A summary of the principal accounting policies, all of which have been applied consistently throughout the period, is set out below.

- a) Accounting convention
The accounts are prepared under the historical cost convention and in accordance with applicable UK accounting standards.
- b) Consolidated accounts
The company is a wholly owned subsidiary 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 therefore present information about the company as an individual undertaking. Certain comparative figures have been restated so as to conform with the current period's presentation.
- c) Fixed asset investments
Investments in subsidiary undertakings are included at cost less any provisions required to reflect a permanent diminution in value.

2 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>18 months</u> <u>2000</u> <u>£ 000</u>	<u>12 months</u> <u>1999</u> <u>£ 000</u>
Auditors remuneration	-	-
Depreciation	58	122

It is not practical to allocate group audit fees to the company.

3 PROFIT ON SALE OF INVESTMENTS

	<u>18 months</u> <u>2000</u> <u>£ 000</u>	<u>12 months</u> <u>1999</u> <u>£ 000</u>
Profit on sale of investments	221,205	-

During the period, the company sold its holding in Pioneer International (USA), Inc to another company within Hanson PLC.

PIONEER INTERNATIONAL GROUP HOLDINGS LIMITED

NOTES TO THE ACCOUNTS – 18 MONTHS ENDED 31 DECEMBER 2000

4 INCOME FROM INVESTMENTS

	<u>18 months</u> <u>2000</u> <u>£ 000</u>	<u>12 months</u> <u>1999</u> <u>£ 000</u>
Dividends received	<u>27,823</u>	<u>46,236</u>

5 FIXED ASSETS

	<u>Leasehold</u> <u>Property</u> <u>£ 000</u>	<u>Plant, Equip</u> <u>& motor</u> <u>vehicles</u> <u>£ 000</u>	<u>Total</u> <u>£ 000</u>
COST			
at 1 July 1999	267	271	538
Disposals	(267)	(271)	(538)
At 31 December 2000	<u>-</u>	<u>-</u>	<u>-</u>
DEPRECIATION			
At 1 July 1999	267	213	480
Disposals	(267)	(271)	(538)
Charged in period	-	58	58
At 31 December 2000	<u>-</u>	<u>-</u>	<u>-</u>
NET BOOK VALUE			
At 31 December 2000	<u>-</u>	<u>-</u>	<u>-</u>
At 1 July 1999	<u>-</u>	<u>58</u>	<u>58</u>

PIONEER INTERNATIONAL GROUP HOLDINGS LIMITED

NOTES TO THE ACCOUNTS – 18 MONTHS ENDED 31 DECEMBER 2000

6 FIXED ASSET INVESTMENTS

	<u>Shares in Subsidiary Undertakings</u>
	<u>£000</u>
COST	
At 1 July 1999	488,050
Additions	889,314
Disposals	(258,931)
At 31 December 2000	<u>1,118,433</u>
PROVISION:	
At 1 July 1999	-
Provision in year	87,569
At 31 December 2000	<u>87,569</u>
NET BOOK VALUE:	
At 31 December 2000	<u>1,030,864</u>
At 1 July 1999	<u>488,050</u>

The subsidiary undertakings at 31 December 2000 are:

Pioneer International BV	Holding Company
Slotcount Ltd	Holding Company
Pioneer International Management Services Ltd	Dormant
Pioneer Overseas Management Services Ltd	Management Services

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 shown in the balance sheet.

7 DEBTORS

	<u>2000</u>	<u>1999</u>
	<u>£ 000</u>	<u>£ 000</u>
Amounts owed by group undertakings	25,432	437
Other debtors	199	177
	<u>25,631</u>	<u>614</u>

8 CREDITORS

	<u>2000</u>	<u>1999</u>
	<u>£ 000</u>	<u>£ 000</u>
Amounts owed to group undertakings	10,676	5,234
Corporation tax payable	-	142
Other creditors	550	451
	<u>11,226</u>	<u>5,827</u>

PIONEER INTERNATIONAL GROUP HOLDINGS LIMITED

NOTES TO THE ACCOUNTS – 18 MONTHS ENDED 31 DECEMBER 2000

9 CALLED-UP SHARE CAPITAL

	<u>2000</u> <u>£ 000</u>	<u>1999</u> <u>£ 000</u>
Authorised		
10,000,000 'B' redeemable preference shares of £1 each	10,000	10,000
Aus\$1,500,000,000 shares divided into 500,000,000 ordinary shares of Aus\$1 each and 1,000,000,000 'A' redeemable preference shares of Aus\$1 each	668,552	668,552
US\$1,000,000,000 US\$1 Class C redeemable preference shares	<u>632,791</u>	<u>632,791</u>
	<u>1,311,343</u>	<u>1,311,343</u>
Allotted, called up and fully paid		
<i>Equity shares</i>		
5,067,559 ordinary shares of Aus\$1 each	2,257	2,257
6,437,738 ordinary shares of Aus\$1 each	<u>2,436</u>	<u>-</u>
	4,693	2,257
<i>Non-equity shares</i>		
6,709,455 'B' redeemable preference shares of £1 each	6,710	6,710
150,000,000 'C' redeemable preference shares of US\$1 each	94,150	94,150
6,900,000 'A' redeemable preference shares of Aus\$1 each	<u>3,075</u>	<u>3,075</u>
	<u>108,628</u>	<u>106,192</u>

10 RESERVES

	<u>Share capital</u> <u>£000</u>	<u>Share premium</u> <u>£000</u>	<u>Profit & Loss account</u> <u>£000</u>	<u>Total</u> <u>£000</u>
Balance at 1 July 1999	106,192	337,734	39,079	483,005
Shares issued	2,436	406,742	-	409,178
Retained profit for the period	<u>-</u>	<u>-</u>	<u>153,221</u>	<u>153,221</u>
Balance at 31 December 2000	<u>108,628</u>	<u>744,476</u>	<u>192,300</u>	<u>1,045,404</u>

PIONEER INTERNATIONAL GROUP HOLDINGS LIMITED

NOTES TO THE ACCOUNTS – 18 MONTHS ENDED 31 DECEMBER 2000

11 POST BALANCE SHEET EVENTS

On 30 November 2001, the company disposed of its investment in Pioneer International BV to a fellow subsidiary within the Hanson PLC group, for £151,730,000.

12 GROUP ACCOUNTS

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

13 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in FRS 8 from disclosing transactions with related parties that are members of the Hanson PLC group.