

PIONEER INTERNATIONAL GROUP HOLDINGS LIMITED

DIRECTORS' REPORT AND ACCOUNTS

IN RESPECT OF THE YEAR ENDED

31 DECEMBER 2004



PIONEER INTERNATIONAL GROUP HOLDINGS LIMITED

DIRECTORS' REPORT

Directors: G Dransfield
R Coulson
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 year ended 31 December 2004.

PRINCIPAL ACTIVITY

The principal activity of the Company is to act as an investment holding Company.

RESULTS AND DIVIDENDS

The profit for the year amounted to £13,936,000. During the year interim dividends of £8,458,000 in respect of the "D" preference shares and £352,163 in respect of "A" preference shares were declared. The Directors do not recommend the payment of a final dividend for the year.

The equity shareholders' funds and non-equity shareholders' funds as at 31 December 2003 have been restated in respect of the allocation of preference shares in the year ended 31 December 2003. As a result, as at 31 December 2003 equity shareholders' funds have decreased by £9,042,000 and non-equity shareholders' funds have increased by £9,042,000. This prior year adjustment has had no impact on total shareholders' funds.

DIRECTORS

The Directors shown at the head of this report are currently in office. R Coulson was appointed on 1 December 2005 and A C Bolter resigned on the same day. The remainder of the Directors served throughout the year.

DIRECTORS' INTERESTS

None of the Directors had any declarable interest in the share or loan capital of the Company during the year under review.

The shareholding and related interest in Hanson PLC of G Dransfield is disclosed in the Hanson PLC accounts for the year ended 31 December 2004. Those of A C Bolter and N Swift are disclosed in the accounts of Houserate Limited.

ANNUAL GENERAL MEETING

Pursuant to the Elective Resolution of the Company passed on 16 May 1994, 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 (continued)

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

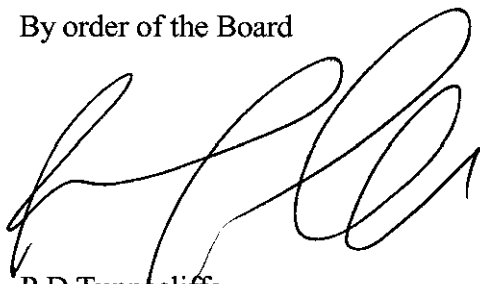
Company law requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss for that year. In preparing those accounts, the Directors are required to:

- 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
23 May 2006

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

We have audited the Company's accounts for the year ended 31 December 2004 which comprise the profit and loss account, statement of total recognised gains and losses, balance sheet, and the related notes 1 to 11. These accounts have been prepared on the basis of the accounting policies set out therein.

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 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.

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
PIONEER INTERNATIONAL GROUP HOLDINGS LIMITED (continued)**

OPINION

In our opinion the accounts give a true and fair view of the state of affairs of the Company as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP.

Ernst & Young LLP
Registered Auditor
London
23 May 2006

PIONEER INTERNATIONAL GROUP HOLDINGS LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2004**

	<u>Note</u>	<u>2004</u> <u>£000</u>	<u>2003</u> <u>£000</u>
Other operating income		-	88
Provisions for diminution in value of subsidiary undertaking		(301,746)	-
Exchange gains		221	653
Interest receivable from group undertaking		-	22
Bank interest receivable		2	18
Interest payable on unpaid "A" redeemable preference shares		(41)	-
Dividends receivable from subsidiary undertaking		315,500	-
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	13,936	781
Taxation	3	-	-
		<hr/>	<hr/>
PROFIT FOR THE YEAR		13,936	781
Dividends	4	<u>(8,810)</u>	<u>(14,580)</u>
PROFIT RETAINED FOR THE YEAR/(TRANSFER FROM RESERVES)		<u>5,126</u>	<u>(13,799)</u>

The movement in reserves is set out in note 9.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains and losses other than the profit of £13,936,000 for the year ended 31 December 2004 (profit of £781,000 for the year ended 31 December 2003).

PIONEER INTERNATIONAL GROUP HOLDINGS LIMITED

BALANCE SHEET AT 31 DECEMBER 2004

	<u>Note</u>	<u>2004</u> <u>£000</u>	<u>2003</u> <u>£000</u> <u>(Restated</u> <u>- note 10)</u>
FIXED ASSETS			
Investments	5	576,660	878,406
CURRENT ASSETS			
Debtors	6	350,927	152,337
Cash at bank and in hand		-	1,692
		<u>350,927</u>	<u>154,029</u>
CREDITORS: Amounts falling due within one year	7	(18,487)	(128,461)
NET CURRENT ASSETS		<u>332,440</u>	<u>25,568</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>909,100</u>	<u>903,974</u>
CAPITAL AND RESERVES			
Called up share capital	8	128,477	128,477
Share premium		744,476	744,476
Profit and loss account	9	36,147	31,021
Shareholders' funds		<u>909,100</u>	<u>903,974</u>
Shown as:			
Equity shareholders' funds	10	785,316	780,190
Non-equity shareholders' funds	10	123,784	123,784
		<u>909,100</u>	<u>903,974</u>

Approved by the Board of Directors
23 May 2006



R Coulson
Director

NOTES TO THE ACCOUNTS – 31 DECEMBER 2004

1 ACCOUNTING POLICIES

a) 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.

b) Fixed asset investments

Investments in subsidiary undertakings are included at cost less any provisions required to reflect a permanent diminution in value.

(c) Foreign currency translation

Foreign currency transactions are recorded at the actual rate of exchange prevailing at the time of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date and the exchange differences are dealt with through the profit and loss account.

2 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

This is stated after charging:

	<u>2004</u> <u>£000</u>	<u>2003</u> <u>£000</u>
Auditors' remuneration	-	-
Directors' remuneration	-	-

Fees for audit and non-audit services provided by Ernst & Young LLP to the Company have been borne by a group 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 undertakings.

PIONEER INTERNATIONAL GROUP HOLDINGS LIMITED

NOTES TO THE ACCOUNTS – 31 DECEMBER 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>2004</u> <u>£000</u>	<u>2003</u> <u>£000</u>
Profit on ordinary activities before taxation	13,936	781
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003: 30%)	4,181	234
Dividend received not taxable	(94,650)	-
Provision for diminution in value of subsidiary undertaking not deductible	90,524	-
Permanent difference	2,098	-
Effects of:		
Losses received for nil charge	(2,153)	(234)
Current tax charge for the year	-	-

4 DIVIDENDS

	<u>2004</u> <u>£000</u>	<u>2003</u> <u>£000</u>
“A” redeemable preference shares	352	-
“D” redeemable preference shares	8,458	14,580
	<u>8,810</u>	<u>14,580</u>

5 FIXED ASSET INVESTMENTS

	<u>Subsidiary</u> <u>undertakings</u> <u>£000</u>
COST	
At 31 December 2003 and 31 December 2004	890,016
PROVISION	
At 31 December 2003	(11,610)
Provision for the year	(301,746)
At 31 December 2004	<u>(313,356)</u>
NET BOOK VALUE	
At 31 December 2004	<u>576,660</u>
At 31 December 2003	<u>878,406</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 shown in the balance sheet. The principal subsidiary undertaking at 31 December 2004 is as follows:

NOTES TO THE ACCOUNTS – 31 DECEMBER 2004

5 FIXED ASSET INVESTMENTS (continued)

<u>Company</u>	<u>Holding</u>	<u>Country of registration and operation</u>	<u>Principal activity</u>	<u>Proportion of voting rights and shares held</u>
Slotcount Ltd	Deferred and ordinary shares	England and Wales	Holding company	53.5%

The Company is a wholly owned subsidiary undertaking of a body registered in England and Wales and advantage has been taken of S228(1) of the Companies Act 1985 in that consolidated accounts have not been prepared. The accounts present information about the Company as an individual undertaking.

6 DEBTORS

	<u>2004 £000</u>	<u>2003 £000</u>
Amounts owed from group undertakings	<u>350,927</u>	<u>152,337</u>

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

7 CREDITORS: Amounts falling due within one year

	<u>2004 £000</u>	<u>2003 £000</u>
Amounts owed to group undertakings	<u>18,487</u>	<u>128,461</u>

PIONEER INTERNATIONAL GROUP HOLDINGS LIMITED

NOTES TO THE ACCOUNTS – 31 DECEMBER 2004

8 SHARE CAPITAL

	<u>2004</u> <u>£000</u>	<u>2003</u> <u>£000</u>
Authorised		
1,500,000,000 shares of AUS\$1 each 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
10,000,000 'B' redeemable preference shares of £1 each	10,000	10,000
1,000,000,000 'C' redeemable preference shares of US\$1 each	632,791	632,791
500,000,000 'D' redeemable preference shares of AUS\$1 each	183,824	183,824
	<u>1,495,167</u>	<u>1,495,167</u>
Allotted, called up and fully paid		
<i>Equity shares</i>		
11,505,297 ordinary shares of AUS\$1 each	4,693	4,693
<i>Non-equity shares</i>		
6,900,000 'A' redeemable preference shares of AUS\$1 each	3,075	3,075
327,221,751 (2003: 327,221,751) 'D' redeemable preference shares of AUS\$1 each	120,709	120,709
	<u>128,477</u>	<u>128,477</u>

The rights attached to the non-equity shareholdings are as follows:

'A' redeemable preference shares of AUS\$1 each

'A' redeemable preference shares are redeemable at the option of the Company on or at any time after 11 May 1995 but not less than 30 days notice to the holders of the 'A' redeemable preference shares. They are redeemable at the aggregate amount of capital paid up upon the shares and any premium paid on allotment and together with all arrears of dividend and any interest thereon. Holders of 'A' shares are entitled to a fixed non cumulative preferential cash dividend at the rate of 5% per annum. Interest shall accrue and be payable on demand in respect of arrears of dividends at base rate plus 5%.

Holders of 'A' shares have the right to receive notice of and to attend and speak but not to vote at any general meeting of the Company save that if:

- at the date of the notice or requisition to convene the meeting, any dividend payable on the 'A' redeemable preference shares shall be in arrear for six calendar months or more or the Company shall have failed to redeem any of such shares then due for redemption; or
- the meeting is convened for the purpose of considering the purchase by the Company of any of its own shares, a reduction of the capital of, or the winding up of, the Company; or
- the proposition to be submitted to the meeting subrogates or varies or otherwise directly affects the special rights and privileges attaching to the 'A' shares.

In this situation, the 'A' shareholders will receive one vote.

NOTES TO THE ACCOUNTS – 31 DECEMBER 2004

8 SHARE CAPITAL (continued)

‘D’ redeemable preference shares of AU\$1 each

‘D’ redeemable preference shares are redeemable at the option of the Company after giving 30 days notice to the holders of the ‘D’ redeemable preference shares. They are redeemable at the aggregate amount of capital paid up upon the shares and any premium paid on allotment and together with all arrears of dividend and any interest thereon. Holders of ‘D’ shares are entitled to a fixed non cumulative preferential cash dividend at the rate of 6.5025% per annum.

Holders of ‘D’ shares have the right to receive notice of and to attend and speak but not to vote at any general meeting of the Company save that if:

- at the date of the notice or requisition to convene the meeting, any dividend payable on the ‘D’ redeemable preference shares shall be in arrear for six calendar months or more or the Company shall have failed to redeem any of such shares then due for redemption; or
- the meeting is convened for the purpose of considering the purchase by the Company of any of its own shares, a reduction of the capital of, or the winding up of, the Company; or
- the proposition to be submitted to the meeting subrogates or varies or otherwise directly affects the special rights and privileges attaching to the ‘D’ shares.

On winding up, each of the preference shares ranks in priority to the Company’s ordinary share capital, but ranks pari passu with any other redeemable preference share.

9 PROFIT AND LOSS ACCOUNT

	<u>Total</u> <u>£000</u>
As at 31 December 2003	31,021
Profit for the year	13,936
Dividends	(8,810)
Balance at 31 December 2004	<u>36,147</u>

10 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS’ FUNDS

	<u>Equity</u> <u>shareholders’</u> <u>funds</u> <u>£000</u>	<u>Non-equity</u> <u>shareholders’</u> <u>funds</u> <u>£000</u>	<u>Total</u> <u>£000</u>
At 31 December 2003 (as previously reported)	789,232	114,742	903,974
Restatement	(9,042)	9,042	-
At 31 December 2003 (as restated)	780,190	123,784	903,974
Profit for the year	13,936	-	13,936
Dividends	(8,810)	-	(8,810)
At 31 December 2004	<u>785,316</u>	<u>123,784</u>	<u>909,100</u>

NOTES TO THE ACCOUNTS – 31 DECEMBER 2004

10 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS (continued)

The equity shareholders' funds and non-equity shareholders' funds as at 31 December 2003 have been restated in respect of the allocation of preference shares in the year ended 31 December 2003. As a result, as at 31 December 2003 equity shareholders' funds have decreased by £9,042,000 and non-equity shareholders' funds have increased by £9,042,000. This prior year adjustment has had no impact on total shareholders' funds.

11 GROUP ACCOUNTS

The immediate parent undertaking of Pioneer International Group Holdings Limited is Pioneer International Holdings Pty Limited, a Company registered in Australia 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 Pioneer International Group Holdings Limited is Hanson PLC.

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.