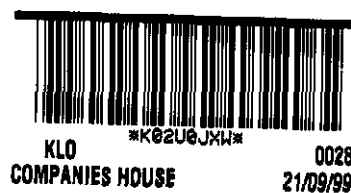


Pioneer International Group Holdings Limited

Accounts 30 June 1998

together with directors' and auditors' reports

Registered Number 02902926



Directors' report for the year ended 30 June 1998

The directors present their annual report and the accounts for the year ended 30 June 1998.

Principal activity

The principal activity of the group continues to be the manufacture and sale of pre-mixed concrete and asphalts and the extraction, processing and sales of aggregates.

Business Review

The company was formed in 1994 as an international holding company shortly after the introduction of new legislation introducing such companies. The company initially acquired the shareholding in Pioneer Concrete of America and at the end of May 1995, acquired a shareholding in Pioneer International BV, a Dutch sub-holding company having investments in Spain, Germany, Israel, Holland and the Czech Republic. The company continues to operate successfully in these countries.

Post balance sheet event

Further details are given in note 23.

Year 2000 Issue

The year 2000 issue is the failure of systems to handle correctly dates related to the year 2000.

Systems which can be affected include computer hardware, software and embedded systems.

Pioneer has established a year 2000 programme to:

- determine and assess the risks posed to its business by the year 2000 issue; and
- plan and institute mitigating actions to minimise those risks to acceptable levels.

A year 2000 project manager and a project sponsor has been appointed for each business unit of the Group. Year 2000 program activities throughout the Group are co-ordinated, managed and monitored by the year 2000 office at the ultimate parent company in Sydney.

Pioneer has undertaken a detailed risk assessment to identify risks posed to its business by the year 2000 issue from its internal systems and its interdependence on external entities. Mitigating strategies have been prepared to address and minimise those risks.

As at the date of this report, Pioneer International Group Holdings Limited estimates that the direct cost of its year 2000 programme will amount to £1million.

Impact of the Euro Currency

The Euro currency came into effect from 1 January 1999, and although the Group has operations that will be impacted by the change over to the Euro currency, the directors believe the impact of the Euro currency on the group will not be material.

Directors' report (continued)

Results and dividends

The group profit for the year ended 30 June 1998, after taxation and minority interest was £30.1 million (1997 - £18.7 million).

The directors have recommended an interim dividend of £5,084,000 (1997 - £18,951,928)

Directors

The directors of the company during the year were:

T.B.M. Holcroft (resigned 30 January 1998)

J. Marlay (appointed 1 August 1997)

N. Swift

R. G. Elstone

None of the directors had, at 30 June 1998 or during the period under review a notifiable interest in the shares of the company, its parent companies or subsidiary undertakings.

Directors' responsibilities

Company law requires the directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company and group and of the profit or loss of the group 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Fixed Assets

Details of changes in tangible and investment fixed assets are set out in notes 9 and 10 to the accounts.

Directors' report (continued)

Employees and employment of disabled persons

The directors are committed to ensuring that all employees feel fully involved in the activities and progress of the group.

The company makes every effort to ensure that disabled people receive equal opportunities and are not discriminated against on the grounds of their disability.

Charitable and political donations

No donations were made in the UK. (1997 - nil)

Auditors

The directors will place a resolution before the Annual General Meeting to re-appoint Arthur Andersen as auditors for the ensuing year.

Pollen House
10/12 Cork Street
London W1X 1PD

20 September 1999

By Order of the Board



J. K. White
Secretary

Auditors' report to the shareholders of Pioneer International Group Holdings Limited

We have audited the accounts on pages 5 to 25 which have been prepared under the historical cost convention and in accordance with the accounting policies set out on pages 9 to 11.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with 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 circumstances of the company and of the group, 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.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group as at 30 June 1998 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen

Chartered Accountants and Registered Auditors.

1 Surrey Street
London
WC2R 2PS

21 September 1999

Consolidated profit and loss account
for the year ended 30 June 1998

	<u>Notes</u>	<u>1998</u> <u>£'000</u>	<u>1997</u> <u>£'000</u>
Turnover	1b & 2		
<i>Continuing operations</i>			
- Group and Joint Ventures		647,845	572,645
- Less: Share of joint venture turnover		(57,704)	(35,112)
Group turnover from continuing operations		<u>590,141</u>	<u>537,533</u>
<i>Discontinued operations</i>		-	-
<i>Acquisitions</i>		-	3,129
		<u>590,141</u>	<u>540,662</u>
Cost of sales		(470,743)	(419,673)
Gross Profit		<u>119,398</u>	<u>120,989</u>
Other operating expenses		(6,785)	(11,269)
Administrative and other costs		<u>(76,030)</u>	<u>(78,497)</u>
Operating profit			
<i>Continuing operations</i>		36,583	30,210
<i>Discontinued operations</i>		-	-
<i>Acquisitions</i>		-	1,013
		<u>36,583</u>	<u>31,223</u>
Interest payable and similar charges	4	(8,625)	(11,448)
Share of profit of joint ventures		12,490	9,338
Profit / (loss) on sale of fixed assets	5	2,220	(1,409)
Write down of investments	5	(4,286)	-
Other income		2,175	-
Investment income	3	3,270	4,583
Profit on ordinary activities before taxation	5	<u>43,827</u>	<u>32,287</u>
Tax on profit on ordinary activities	8	(13,763)	(13,604)
Profit on ordinary activities after taxation		<u>30,064</u>	<u>18,683</u>
Minority interest (all equity)	19	133	(9)
Profit for the year		<u>30,197</u>	<u>18,674</u>
Dividends		(5,084)	(18,952)
Retained profit (Accumulated loss) for the year	17	<u><u>25,113</u></u>	<u><u>(278)</u></u>

The movement in reserves is shown in note 17.

The accompanying notes are an integral part of this profit and loss account.

Consolidated statement of total recognised gains and losses
For the year ended 30 June 1998

	<u>Group</u> <u>1998</u> <u>£'000</u>	<u>Group</u> <u>1997</u> <u>£'000</u>
Retained profit / (accumulated loss) for the financial year	25,113	(278)
Loss on foreign currency translation	(5,907)	(23,979)
Goodwill written off on consolidation	(9,539)	(953)
Total recognised gains and losses relating to the year	<u>9,667</u>	<u>(25,210)</u>

Reconciliation of movements in shareholder's funds
For the year ended 30 June 1998

	<u>Group</u> <u>1998</u> <u>£'000</u>	<u>Group</u> <u>1997</u> <u>£'000</u>
Total recognised gains and losses relating to year	9,667	(25,210)
New share capital subscribed	102,507	704
Net addition / (reduction) to shareholder's funds	<u>112,174</u>	<u>(24,506)</u>
Opening shareholder's funds	162,149	186,655
Closing shareholder's funds	<u>274,323</u>	<u>162,149</u>

The accompanying notes are an integral part of this consolidated statement of total recognised gains and this reconciliation of movements in shareholder's funds.

Consolidated balance sheet
30 June 1998

	Notes	1998 £'000	1997 £'000
Fixed assets			
Tangible assets	9	205,071	179,855
Investments	10	16,632	24,299
Share of gross assets		69,244	55,566
Share of gross liabilities		(9,060)	(12,013)
Investments in joint ventures	10	60,184	43,553
		<u>281,887</u>	<u>247,707</u>
Current assets			
Stocks	11	30,716	28,525
Debtors	12	139,373	120,053
Investments in government treasury stock		72	514
Cash at bank and in hand		28,315	29,356
		<u>198,476</u>	<u>178,448</u>
Creditors: Amounts falling due within one year	13	(102,050)	(91,137)
Net current assets		<u>96,426</u>	<u>87,311</u>
Debtors: Amounts falling due after more than one year		<u>2,052</u>	<u>1,687</u>
Total assets less current liabilities		<u>380,365</u>	<u>336,705</u>
Creditors: Amounts falling due after more than one year	14	(99,932)	(167,766)
Provision for liabilities and charges	15	(5,196)	(5,746)
Net assets		<u>275,237</u>	<u>163,193</u>
Capital and reserves			
Called-up share capital	16	103,129	5,313
Share premium	17	337,734	333,043
Profit and loss account	17	(166,540)	(176,207)
Shareholder's funds		<u>274,323</u>	<u>162,149</u>
Minority interest	19	914	1,044
Total capital employed		<u>275,237</u>	<u>163,193</u>
Analysis of shareholder's funds			
Equity interests		173,451	159,074
Non-equity interests		100,872	3,075
		<u>274,323</u>	<u>162,149</u>

Approved by the Board and signed on its behalf by:

N Swift

Director

20 September 1999

The accompanying notes are an integral part of this consolidated balance sheet.

Company balance sheet
30 June 1998

	Notes	<u>1998</u> <u>£'000</u>	<u>1997</u> <u>£'000</u>
Fixed assets			
Tangible assets	9	179	202
Investments	10	440,910	338,382
		<u>441,089</u>	<u>338,584</u>
Current assets			
Debtors	12	1,507	656
Cash at bank and in hand		450	239
		<u>1,957</u>	<u>895</u>
Creditors: Amounts falling due within one year	13	<u>(1,869)</u>	<u>(1,119)</u>
Net current liabilities		88	(224)
Total assets less current liabilities		<u>441,177</u>	<u>338,360</u>
Net assets		<u>441,177</u>	<u>338,360</u>
Capital and reserves			
Called-up share capital	16	103,129	5,313
Share premium	17	337,734	333,043
Profit and loss account	17	314	4
Shareholder's funds		<u>441,177</u>	<u>338,360</u>
Analysis of shareholder's funds			
Equity interests		340,305	335,285
Non-equity interests		100,872	3,075
		<u>441,177</u>	<u>338,360</u>

Approved by the Board and signed on its behalf by:

N Swift

Director

20 September 1999

The accompanying notes are an integral part of this company balance sheet.

NOTES TO THE ACCOUNTS

1. Accounting policies

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

a) Accounting Convention

The accounts have been prepared under the historical cost convention. The group accounts have been prepared in accordance with applicable accounting standards.

b) Turnover

Group turnover comprise the value of sales (excluding VAT and similar taxes, trade discounts and intra-group transactions) of goods and services in the normal course of business.

c) Basis of consolidation

The group accounts consolidate the accounts of Pioneer International Group Holdings Limited and all its subsidiary undertakings in the year to 30 June 1998. Prior period comparatives relate to the period 30 June 1997. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the period are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal. Goodwill arising on consolidation (representing the excess of the fair value of the consolidation given over the fair value of the identifiable assets and liabilities acquired) is written off against reserves on acquisition.

In the company's accounts, investments in subsidiary undertakings are stated at cost. Only dividends received and receivable are credited to the company's profit and loss account.

No profit and loss account is presented for Pioneer International Group Holdings Limited as provided by section 230 of the Companies Act 1985. The company's profit for the financial period after taxation, determined in accordance with the Act, was £5,394,000. (1997 - £18,956,000)

d) Interests in joint ventures and other participating interests

Investments in joint ventures are dealt with by the gross equity method of accounting, whereby, the consolidated profit and loss account includes the appropriate share of the joint ventures profits less losses (based on audited accounts up to 30 June 1998) while the group's share of the assets and liabilities of the joint ventures are shown in the consolidated balance sheet.

Notes to the accounts (continued)

1. Accounting policies (continued)

e) *Tangible fixed assets*

Land and buildings are shown at original historical cost or subsequent valuation as set out in note 9. Other fixed assets are shown at cost.

Depreciation and amortisation are provided on a straight line basis so as to write off the fixed assets over their estimated useful lives at the following rates:

Freehold buildings	2% to 6.6% per annum
Leasehold properties	over the period of the lease
Plant and equipment	10% to 25% per annum
Plant & machinery	14.3% to 20% per annum

No depreciation is provided on non-mineral bearing freehold land.

f) *Depletion*

Depletion on mineral bearing land and related development costs is provided on the basis of aggregates extracted, to write down to residual value over their useful lives.

g) *Development expenditure*

Development costs, representing expenditure on sites on which mineral extraction has not yet commenced (including certain sites where planning applications are in progress), are carried forward in tangible fixed assets. These costs are written off or provided against if a site is unlikely to become operational.

h) *Taxation*

Corporation tax is provided on taxable profits at the current rate.

Deferred taxation (which arises from differences in the timing of the recognition of items, principally depreciation, in the accounts and by the tax legislation) has been calculated on the liability method.

Deferred tax is provided on timing differences which will probably reverse, at the rates of tax likely to be in force at the time of reversal. Deferred tax is not provided on timing differences which, in the opinion of the directors, will probably not reverse. However, the amount of all deferred tax, including that which will probably not reverse, is shown in note 15.

i) *Stocks and work in progress*

Stocks and work in progress are stated at the lower of cost, on a first in first out basis, and net realisable value. Cost includes all direct costs plus attributable overheads. Net realisable value is based on the estimated normal selling price less further costs expected to be incurred to completion and disposal.

Notes to the accounts (continued)

1. Accounting policies (continued)

j) Leases

Operating lease costs are expenses as incurred.

k) Pension costs and other post-retirement benefits

For defined benefit schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The regular cost is calculated so that it represents a substantially level percentage of current and future payroll. Variations from regular cost are charged or credited to the profit and loss account as a constant percentage of payroll over the estimated average remaining working life of scheme members. Defined benefit schemes are either externally funded, with the assets of the scheme held separately from those of the group in separate trustee administered funds, or are unfunded. Differences between amounts charged to the profit and loss account and amounts funded or paid directly to members of unfunded schemes are shown as either provisions or prepayments in the balance sheet.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

l) Foreign Currency Translation

In the accounts of individual undertakings, transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates as of the date of the transaction (or, where appropriate, at the rate of exchange in a related forward exchange contract). Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date (or, where appropriate, at the rate of exchange in a related forward exchange contract). Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

For the purposes of consolidation and application of the equity method of accounting the closing rate method is used, under which translation gains or losses are shown as a movement on reserves. Profit and loss accounts of overseas subsidiary undertakings are translated at average exchange rates.

m) Cashflow statement

The company is exempt from the requirement of FRS1 (revised) to include a cashflow statement as part of its financial statements because more than 90% of its voting rights are controlled within the group, the ultimate parent company of which is Pioneer International Limited. A consolidated cashflow statement is included in the financial statements of Pioneer International Limited.

Notes to the accounts (continued)

2. Segment information

All sales by the group are supplies made to the contracting and building industries.

Geographical segments:

	United Kingdom <u>1998</u> <u>£'000</u>	Rest of Europe <u>1998</u> <u>£'000</u>	USA and other <u>1998</u> <u>£'000</u>	Total <u>1998</u> <u>£'000</u>
Group Turnover				
Sales to third parties - destination	3,669	177,486	408,986	590,141
Sales to third parties - origin	3,669	177,486	408,986	590,141
Joint venture Turnover				
Sales to third parties- destination (50%)	-	-	57,704	57,704
Sales to third parties - origin (50%)	-	-	57,704	57,704
Group profit before taxation	448	10,632	20,257	31,337
Joint venture profit before taxation	-	-	12,490	12,490
Group net assets	992	85,670	128,391	215,053
Joint venture net assets	-	-	60,184	60,184

3. Investment income

	<u>1998</u> <u>£'000</u>	<u>1997</u> <u>£'000</u>
Income from current asset investments	-	2
Interest receivable and similar income	3,270	4,581
	<u>3,270</u>	<u>4,583</u>

4. Interest payable and similar charges

	<u>1998</u> <u>£'000</u>	<u>1997</u> <u>£'000</u>
Bank loans and other loans		
- repayable within five years, by instalments	4,745	4,425
Interest on loans from group undertakings	3,693	6,453
All other loans and exchange loss	187	570
	<u>8,625</u>	<u>11,448</u>

Notes to the accounts (continued)

5. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging (crediting):

	<u>1998</u> <u>£'000</u>	<u>1997</u> <u>£'000</u>
Depreciation and amounts written off tangible fixed assets		
- owned	24,192	22,116
- held under finance leases and hire purchase contracts	202	287
Operating lease rentals		
- plant & machinery	4,585	5,139
- other	1,449	3,728
Auditors remuneration		
- audit fees	385	427
- other	300	194
(Profit) / loss on disposal of fixed assets	(2,220)	1,409
Write down of investments	4,286	-
Staff costs (see note 6)	98,143	81,519
	<hr/>	<hr/>

6. Staff costs

	<u>1998</u> <u>£'000</u>	<u>1997</u> <u>£'000</u>
Staff costs are split as follows:		
Wages and salaries	78,212	64,729
Social security costs	10,966	10,598
Other pension costs	8,965	6,192
	<hr/>	<hr/>
	98,143	81,519

Notes to the accounts (continued)

7. Directors' emoluments and particulars of employees

Directors' remuneration

The remuneration of the directors was as follows:

	<u>1998</u> <u>£'000</u>	<u>1997</u> <u>£'000</u>
Emoluments	411	152
Amounts receivable under long-term incentive schemes	-	-
Company contributions to money purchase pension schemes	8	-
Compensation for loss of office	67	-
Fees paid to third parties in respect of directors' services	-	-

The above amounts do not include any gains made on the exercise of share options or the value of any shares or share options received under long-term incentive schemes. No directors exercised share options in the period (1997: nil) and shares were received or receivable under long-term incentive schemes by 1 director (1997: nil).

Pensions

The number of directors who were members of pension schemes was as follows:

	<u>1998</u>	<u>1997</u>
Money purchase schemes	2	1
Defined benefit schemes	<u>1</u>	<u>2</u>
	3	3

Retirement benefits amounting to £ nil (1997 - £ nil) were paid to directors and past directors in excess of the benefits to which they were entitled on the date retirement benefits first became payable or 31 March 1997 whichever is the later.

Highest-paid director

The above amounts for remuneration include the following in respect of the highest paid director:

	<u>1998</u> <u>£'000</u>	<u>1997</u> <u>£'000</u>
Emoluments and long-term incentive schemes	235	97
Company contributions to money purchase schemes	<u>8</u>	<u>-</u>
	243	97

The accrued pension entitlement under the company's defined benefit scheme of the highest paid director at 30 June 1998 was £ nil (1997 - £ nil) and the accrued lump sum entitlement at 30 June 1998 was £ nil (1997 - £ nil)

The highest paid director exercised share options in respect of nil shares.

The highest paid director received 300 shares under a long-term incentive scheme.

The average weekly number of persons employed during the year was 4,715 (1997 - 3,689) comprising:

	<u>1998</u>	<u>1997</u>
Operations and production	4,192	3,094
Other activities and administration	<u>523</u>	<u>595</u>
	4,715	3,689

Notes to the accounts (continued)

8. Tax on ordinary activities

	<u>1998</u> <u>£'000</u>	<u>1997</u> <u>£'000</u>
Deferred taxation	(83)	1,135
Overseas taxation	15,927	12,519
Adjustment in respect of prior year	(2,081)	(50)
	<u>13,763</u>	<u>13,604</u>

9. Tangible fixed assets

	Freehold land and buildings	Leasehold property and improvements		Plant, equipment, and motor vehicles	Other	Total
		Long leases	Short leases			
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Group						
Cost or valuation						
At 30 June 1997	31,929	20,350	357	87,374	66,394	206,404
Additions	1,323	194	28	17,164	47,495	66,204
Transfers	1,333	400	-	32,226	(33,989)	(30)
Disposals	(443)	(448)	-	(12,114)	(6,223)	(19,228)
Exchange adjustment	(136)	101	14	(3,326)	721	(2,626)
At 30 June 1998	<u>34,006</u>	<u>20,597</u>	<u>399</u>	<u>121,324</u>	<u>74,398</u>	<u>250,724</u>
Amortisation / depreciation						
At 30 June 1997	1,158	878	78	12,880	11,555	26,549
Charge for the year	882	607	53	16,197	6,655	24,394
Transfers	-	-	-	-	-	-
Disposals	(26)	-	-	(2,235)	(1,398)	(3,659)
Exchange adjustment	(4)	46	10	(2,372)	689	(1,631)
At 30 June 1998	<u>2,010</u>	<u>1,531</u>	<u>141</u>	<u>24,470</u>	<u>17,501</u>	<u>45,653</u>
Net book value						
At 30 June 1998	<u>31,996</u>	<u>19,066</u>	<u>258</u>	<u>96,854</u>	<u>56,897</u>	<u>205,071</u>
At 30 June 1997	<u>30,771</u>	<u>19,472</u>	<u>279</u>	<u>74,494</u>	<u>54,839</u>	<u>179,855</u>

The net book value included the following in respect of leased assets:

	<u>1998</u> <u>£'000</u>	<u>1997</u> <u>£'000</u>
Net book value	<u>231</u>	<u>372</u>

Notes to the accounts (continued)

9. Tangible fixed assets (continued)

	Short leases	Plant, equipment, and motor vehicles	Total
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Company			
Cost or valuation			
At 30 June 1997	267	274	541
Additions	-	53	53
Transfers	-	-	-
Disposals	-	(57)	(57)
At 30 June 1998	<u>267</u>	<u>270</u>	<u>537</u>
Amortisation / depreciation			
At 30 June 1997	179	160	339
Charge for the year	14	52	66
Transfers	-	-	-
Disposals	-	(47)	(47)
At 30 June 1998	<u>193</u>	<u>165</u>	<u>358</u>
Net book value			
At 30 June 1998	<u>74</u>	<u>105</u>	<u>179</u>
At 30 June 1997	<u>88</u>	<u>114</u>	<u>202</u>

Notes to the accounts (continued)

10. Fixed asset investments

	Group		Company	
	1998	1997	1998	1997
	£'000	£'000	£'000	£'000
Subsidiary undertakings	-	-	440,910	338,382
Other participating interests, investments and loans	16,632	24,299	-	-
	<u>16,632</u>	<u>24,299</u>	<u>440,910</u>	<u>338,382</u>

Principal Group Investments

The parent company and the group have investments in the following subsidiary undertakings, quasi-subsidiaries, joint ventures, associated undertakings, participating interests and other investments, all of which affected the profits or net assets of the group. Details concerning investments which are not significant have been omitted from the lists set out below in order to avoid a statement of excessive length.

Subsidiary undertakings (all 100% owned Φ)	Country of incorporation, registration or principal business address	Principal activity
Pioneer International BV * Φ	Netherlands	Holding Company
Pioneer Concrete of America Inc. *	USA	Building materials
Pioneer Concrete Hispania SA	Spain	Building materials
Pioneer Concrete (Israel) LTD	Israel	Building materials
Pioneer Beton Netherlands BV	Netherlands	Building materials
Pioneer Beton GmbH	Germany	Building materials

* Held directly by Pioneer International Group Holdings Limited.

Φ The ordinary shares of Pioneer International BV are 100% owned by the company. A separate class of shares with restricted rights is held by the common shareholder, Pioneer International Holdings Pty Limited.

Joint Ventures

The principal joint ventures of the group, North Texas Cement and Campbell Ready Mix L.P., are directly owned by Pioneer Concrete of America Inc. This investment comprises 50% of the ordinary shares in both entities. The principal activity of Campbell Ready Mix L.P. is the production of ready mix concrete. The principal activity of North Texas Cement is the manufacture and sale of cement for use in the construction industry.

Other participating interests, investments and loans

Other participating interests, investments and loans comprise of loans to group undertakings and associates and unquoted investments.

Notes to the accounts (continued)

10. Fixed asset investments (continued)

Group

	Other participating interests, investments and loans £'000
Cost	
At 30 June 1997	24,803
Additions	12,000
Share of retained profit for the year	-
Distributions	-
Transfers	(14,770)
Disposals	(3,890)
Exchange adjustment	(488)
At 30 June 1998	<u>17,655</u>
Amounts written off	
At 30 June 1997	504
Written off	640
Exchange adjustment	(121)
At 30 June 1998	<u>1,023</u>
Net book value	
At 30 June 1998	<u>16,632</u>
At 30 June 1997	<u>24,299</u>

The investment in the joint ventures is analysed as follows:

	<u>1998</u> <u>£'000</u>	<u>1997</u> <u>£'000</u>
Fixed assets	53,084	44,059
Current assets	16,160	11,507
Share of assets	<u>69,244</u>	<u>55,566</u>
Liabilities due within 1 year	6,780	4,253
Liabilities due after more than 1 year	2,280	7,760
Share of liabilities	<u>9,060</u>	<u>12,013</u>
Share of net assets	<u>60,184</u>	<u>43,553</u>

Company

	Shares in subsidiary undertakings <u>1998</u> <u>£'000</u>
Cost at 30 June 1997	338,382
Additions	107,238
Disposals	(4,710)
Transfers	-
Cost at 30 June 1998	<u>440,910</u>

Notes to the accounts (continued)

10. Fixed asset investments (continued)

During the year the company acquired and disposed of 2,000 shares of common stock in Gilliam Bros. The approximate value was £5m.

During the year the company acquired and disposed of 1,600 shares of common stock in Pioneer Concrete of America. The approximate value was £25m.

During the year the company acquired and disposed of 115 shares of common stock in Pioneer Concrete of America. The approximate value was £9m.

During the year the company acquired and disposed of 11,000 shares of Series B preference stock in Pioneer Concrete Investments Incorporated. The approximate value was £68m.

11. Stocks

	Group	
	1998	1997
	£'000	£'000
Raw materials and consumables	10,680	9,248
Work-in-progress	2,481	2,462
Finished goods and goods for resale	16,561	15,729
Other	994	1,086
	<u>30,716</u>	<u>28,525</u>

The replacement cost of stocks is not considered to be materially different from the balance sheet value.

12. Debtors

Amounts falling due within one year:

	Group	
	1998	1997
	£'000	£'000
Trade debtors	125,486	108,052
Amounts owed by parent company and fellow subsidiary undertakings	948	611
Amounts owed by associated undertakings - loan	24	938
Other debtors	8,164	6,324
Prepayments and accrued income	2,475	3,598
Overseas tax recoverable	2,276	530
	<u>139,373</u>	<u>120,053</u>

Amounts falling due within one year:

	Company	
	1998	1997
	£'000	£'000
Amounts owed by fellow subsidiary undertakings	1,399	597
Other debtors	108	59
	<u>1,507</u>	<u>656</u>

Notes to the accounts (continued)

12. Debtors (continued)

Amounts falling due after more than one year:

	Group	
	<u>1998</u>	<u>1997</u>
	<u>£'000</u>	<u>£'000</u>
Trade debtors	-	377
Other debtors	2,053	1,310
	<u>2,053</u>	<u>1,687</u>

13. Creditors: Amounts falling due within one year

	Group	
	<u>1998</u>	<u>1997</u>
	<u>£'000</u>	<u>£'000</u>
Bank loans	2,955	4,576
Trade creditors	60,594	50,519
Amounts owed to parent company and fellow subsidiary undertakings	259	274
Overseas tax payable	5,052	4,674
Other taxes and social security	2,316	2,191
Accruals and deferred income	20,852	18,534
Other creditors	10,022	10,369
	<u>102,050</u>	<u>91,137</u>

	Company	
	<u>1998</u>	<u>1997</u>
	<u>£'000</u>	<u>£'000</u>
Amounts owed to fellow subsidiary undertakings	860	810
Corporation tax payable	475	43
Other creditors	534	266
	<u>1,869</u>	<u>1,119</u>

14. Creditors: Amounts falling due after more than one year

	Group	
	<u>1998</u>	<u>1997</u>
	<u>£'000</u>	<u>£'000</u>
Bank loans		
- payable between 2 and 5 years	74,516	39,552
Amounts owed to parent company and fellow subsidiary undertakings	22,860	118,986
Accruals and deferred income	2,556	9,228
	<u>99,932</u>	<u>167,766</u>

Notes to the accounts (continued)

15. Provisions for liabilities and charges

	Group	
	1998	1997
	£'000	£'000
Deferred taxation	3,622	3,771
Other	1,574	1,975
	<u>5,196</u>	<u>5,746</u>

Deferred taxation, which consists of tax allowances in excess of book depreciation of fixed assets, has been provided to the extent that the directors have concluded on the basis of reasonable assumptions and the intentions of management that it is probable that part of the liability will crystallise. There were no material unprovided deferred tax liabilities as at 30 June 1998 (1997 - £ nil).

The movement on deferred taxation comprises:

	Group	
	1998	1997
	£'000	£'000
Beginning of year	3,771	4,792
(Release) / charge during year	(83)	1,135
Transfer to taxes payable	-	(2,156)
Exchange adjustment	(66)	-
End of year	<u>3,622</u>	<u>3,771</u>

The movement on other provisions, which relate to quarry restoration and other costs, comprises:

	Group	
	1998	1997
	£'000	£'000
Beginning of year	1,975	6,151
(Release) / charge during year	277	(109)
Utilisation	(614)	(4,067)
Exchange adjustment	(64)	-
End of year	<u>1,574</u>	<u>1,975</u>

Notes to the accounts (continued)

16. Called-up share capital

	<u>1998</u> <u>£'000</u>	<u>1997</u> <u>£'000</u>
<i>Authorised</i>		
2 Ordinary shares of £1 each	-	-
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	632,791	-
	<u>1,311,343</u>	<u>678,552</u>
<i>Allotted, called up and fully paid</i>		
<i>Equity shares</i>		
2 Ordinary shares of £1 each	-	-
5,067,559 (1997-5,020,004) Ordinary shares of Aus \$1 each	2,257	2,238
	<u>2,257</u>	<u>2,238</u>
<i>Non-equity shares</i>		
3,646,484 'B' redeemable preference shares of GBP 1 each	3,647	-
150,000,000 'C' redeemable preference shares of US\$1 each	94,150	-
6,900,000 'A' redeemable preference shares of Aus \$1 each	3,075	3,075
	<u>100,872</u>	<u>3,075</u>
	<u>103,129</u>	<u>5,313</u>

17. Reserves

Group

	Share premium	Profit and loss account	Total
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Balance at 30 June 1997	333,043	(176,207)	156,836
Shares issued	4,691	-	4,691
Loss on foreign currency translation	-	(5,907)	(5,907)
Goodwill written off on consolidation	-	(9,539)	(9,539)
Retained profit for the year	-	25,113	25,113
Balance at 30 June 1998	<u>337,734</u>	<u>(166,540)</u>	<u>171,194</u>

Company

	Share premium	Profit and loss account	Total
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Balance at 30 June 1997	333,043	4	333,047
Shares issued	4,691	-	4,691
Retained profit for the year	-	310	310
Balance at 30 June 1998	<u>337,734</u>	<u>314</u>	<u>338,048</u>

Notes to the accounts (continued)

18. Acquisitions of subsidiary undertakings

During the year, the group made the following material acquisitions:

In August 1997 the group acquired the trade and assets of Cashway Concrete, Inc. for cash. The fair value of the total consideration was £8.2m .

In August 1997 the group acquired the trade and assets of Action Redi-Mix, Inc. for cash. The fair value of the total consideration was £2.8m .

In March 1998 the group acquired 100% of the issued share capital of Gilliam Brothers, Inc. for consideration comprising 100% ordinary share capital .The fair value of the total consideration was £7.5m .

In January 1998 the group acquired 100% of the issued share capital of Western Sand & Gravel. The fair value of the total consideration was £4.2m .

In May 1998 the group acquired the trade and assets of Gilliam Lowry for cash . The fair value of the total consideration was £4.9m

	Book value and fair value to group
	<u>£'000</u>
Fixed assets	
Tangible	20,025
Current assets	
Stocks	1,024
Debtors	4,086
Investments	461
Total assets	<u>25,596</u>
Creditors	
Bank loans	1,570
Trade creditors	2,578
Total liabilities	<u>4,148</u>
Net assets	21,448
Goodwill	9,539
	<u>30,987</u>
Satisfied by	
Shares issued	4,801
Cash	26,186
	<u>30,987</u>
Net cash outflows in respect of the acquisition comprised:	
	<u>£'000</u>
Cash consideration	26,186
	<u>26,186</u>

Notes to the accounts (continued)

19. Minority interests (all equity)

	1998 £'000	1997 £'000
Beginning of year	(1,044)	(993)
Adjustments relating to prior periods	(3)	(42)
Profit on ordinary activities after taxation	121	(9)
Dividends paid and proposed	-	-
Exchange adjustment	12	-
End of year	(914)	(1,044)

20. Guarantees and other financial commitments

a) Capital commitments

At the end of the year, capital commitments were:

	1998 £'000	1997 £'000
Contracted but not provided for	480	826
Authorised but not contracted for	6,591	2,622
	7,071	3,448

Annual commitments under non-cancellable operating leases are as follows:

	1998		1997	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Group				
Expiry date:				
- within one year	1,575	1,499	1,493	2,429
- between two and five years	4,079	1,478	4,284	3,632
- after five years	2,211	98	2,939	153
	7,865	3,075	8,716	6,214

b) Contingent liabilities

The Group has a 50% stake in a recently started German operation Schwabische Transportbeton GmbH in respect of which an unlimited subordination letter has been signed. At 30 June 1998, Schwabische Transportbeton GmbH had net liabilities of approximately £370,000.

21. Related party transactions

As a subsidiary of Pioneer International Limited, whose accounts are publicly available (see note 22), the company has taken advantage of the exemption in FRS8 not to disclose related party transactions with other members of the group headed by Pioneer International Limited.

22. Ultimate parent company

The company is a subsidiary undertaking of Pioneer International Holdings Pty Limited, incorporated in Australia. The largest and smallest group in which the results of Pioneer International Group Holdings Limited and subsidiary undertakings are consolidated is that headed by Pioneer International Limited whose principal place of business is at Level 46, Governor Phillip Tower, 1 Farrer Place, Sydney, NSW 2000, Australia. The consolidated accounts of Pioneer International Limited are available to the public and may be obtained from its registered office at the above address.

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23. Post balance sheet event

Acquisitions:

On 31 July 1998 a wholly owned subsidiary, Pioneer USA Inc. acquired Texoma Sand & Gravel. The purchase was made for cash of £6.5m with no goodwill arising.

On 30 November 1998 Pioneer USA Inc. acquired Asphalt Inc. The purchase was made for cash of £6.9m which was borrowed from Pioneer International Finance (UK). The associated goodwill arising on the acquisition was £0.6m.

On 1 January 1999 Pioneer Concrete Hispania SA acquired 100% of Margalejo SA. The purchase price was £3m. The associated goodwill arising on the acquisition was £0.8m.

On 31 March 1999 Pioneer USA acquired the trade and assets of Metro West Inc. The fair value of the total consideration was £23.4m. The associated goodwill arising on the acquisition was £1.3m.

On 31 March 1999 Pioneer USA acquired the trade and assets of Prescott Inc. The fair value of the total consideration was £10.3m. The associated goodwill arising on the acquisition was £5.8m.

On 30 April 1999 Pioneer USA acquired the trade and assets of Blue Diamond Eagle Inc. The fair value of the total consideration was £18.6m. The associated goodwill arising on the acquisition was £2.1m.

On 31 May 1999 Pioneer USA acquired the trade and assets of Pheonix Redi-mix Inc. The fair value of the total consideration was £20.7m. The associated goodwill arising on the acquisition was £5.4m.

Disposals:

On 31 March 1999 Pioneer USA disposed of the trade and assets of Fletcher Granite Inc. The fair value of the total consideration was £10.4m. The profit after tax was £0.8m.

On 3 June 1999 Pioneer International BV disposed of two non operating Czech companies, Pioneer Transport Beton a.s. and Cesky Pioneer Beton s.r.o. . Sale proceeds were cash of £0.9m and £0.7m respectively, and represented book value.

On 18 June 1999 Pioneer International BV disposed of its 38% interest in Cementos Hispania SA for cash proceeds of £13m. The profit on sale was £6m.

Investments:

On 27 April 1999, Pioneer International Group Holdings Ltd ("the Company") invested £44m in Pioneer International Investments Inc ("PIII"), a fellow group subsidiary. The Company has also provided guarantees to Barclays Bank plc in respect of bank loans to Pioneer International (Libuan) Ltd (PI (Libuan)), a fellow Group subsidiary. The net liability outstanding at September 1999 was £45m. In addition, the Company has in place guarantees from PIII for any liability arising in the Company in connection with the borrowings obtained by PI (Libuan).