

**PIONEER INTERNATIONAL GROUP HOLDINGS LIMITED**

**DIRECTORS' REPORT AND ACCOUNTS**

**IN RESPECT OF THE YEAR ENDED**

**31 DECEMBER 2003**



# **PIONEER INTERNATIONAL GROUP HOLDINGS LIMITED**

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## **DIRECTORS' REPORT**

Directors:           G Dransfield  
                      A C Bolter  
                      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 2003.

## **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 £781,000. During the year dividends of £14,580,000 were declared. The Directors do not recommend the payment of a final dividend for the year.

## **SHARE CAPITAL**

The Company issued 10,221,750 "D" preference shares of AUS\$1 each on 1 July 2003 at par and one "D" preference share of AUS\$1 at a premium of AUS\$0.85 to its immediate parent undertaking.

## **DIRECTORS AND THEIR INTEREST**

The Directors shown at the head of this report are currently in office. K J Ludlam and J R Read resigned as Directors on 30 June 2003. A C Bolter and N Swift were appointed as Directors on 30 June 2003. G Dransfield 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 accounts of Hanson PLC. Those of A C Bolter are disclosed in the accounts of Viewgrove Investments Limited, and those of N Swift are disclosed in the accounts of Hanson Quarry Products Europe Limited.

## **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.

**DIRECTORS' REPORT**

**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  
8 March 2004

A handwritten signature in black ink, appearing to be 'P D Tunnacliffe', written in a cursive style.

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

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We have audited the Company's financial statements for the year ended 31 December 2003 which comprise the profit and loss account, statement of total recognised gains and losses, balance sheet, and the related notes 1 to 11. These financial statements 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 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
PIONEER INTERNATIONAL GROUP HOLDINGS LIMITED (continued)**

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**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 2003 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  
8 March 2004

**PIONEER INTERNATIONAL GROUP HOLDINGS LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2003**

	<u>Note</u>	<u>2003</u> <u>£000</u>	<u>2002</u> <u>£000</u>
Other operating income		88	-
Exchange gains/(losses)		653	(11,775)
Interest receivable from group undertaking		22	819
Bank interest receivable		<u>18</u>	<u>20</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	2	781	(10,936)
Taxation	3	<u>-</u>	<u>-</u>
PROFIT/(LOSS) FOR THE YEAR		781	(10,936)
Dividends	4	<u>(14,580)</u>	<u>(135,587)</u>
TRANSFER FROM RESERVES		<u>(13,799)</u>	<u>(146,523)</u>

The movement in reserves is set out in note 10.

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

There are no recognised gains and losses other than the profit of £781,000 (loss of £10,936,000 for the year ended 31 December 2002).

# PIONEER INTERNATIONAL GROUP HOLDINGS LIMITED

## **BALANCE SHEET AT 31 DECEMBER 2003**

	<u>Note</u>	<u>2003</u> <u>£000</u>	<u>2002</u> <u>£000</u>
<b>FIXED ASSETS</b>			
Investments	5	878,406	878,406
<b>CURRENT ASSETS</b>			
Debtors	6	152,337	154,864
Cash at bank and in hand		<u>1,692</u>	<u>1,761</u>
		154,029	156,625
<b>CREDITORS: Amounts falling due within one year</b>	7	<u>(128,461)</u>	<u>(121,423)</u>
<b>NET CURRENT ASSETS</b>		25,568	35,202
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>903,974</u>	<u>913,608</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	8	128,477	124,312
Share premium	9	744,476	744,476
Profit and loss account	9	<u>31,021</u>	<u>44,820</u>
Shareholders' funds	10	<u>903,974</u>	<u>913,608</u>
Shown as:			
Equity interests		789,232	788,451
Non-equity interests		<u>114,742</u>	<u>125,157</u>
		<u>903,974</u>	<u>913,608</u>

Approved by the Board of Directors  
8 March 2004



A C Bolter  
Director

**NOTES TO THE ACCOUNTS – 31 DECEMBER 2003**

**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.

**2 PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION**

This is stated after charging:

	<u>2003</u> <u>£000</u>	<u>2002</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 undertaking.

**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>2003</u> <u>£000</u>	<u>2002</u> <u>£000</u>
Profit/ (loss) on ordinary activities before taxation	781	(10,936)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2002: 30%)	234	(3,281)
Effects of:		
Losses (received)/surrendered for nil charge	(234)	3,281
Current tax charge for the year	-	-

**PIONEER INTERNATIONAL GROUP HOLDINGS LIMITED**

**NOTES TO THE ACCOUNTS – 31 DECEMBER 2003**

**4 DIVIDENDS**

	<u>2003</u> <u>£000</u>	<u>2002</u> <u>£000</u>
“A” redeemable preference shares	-	573
“B” redeemable preference shares	-	1,258
“C” redeemable preference shares	-	19,032
“D” redeemable preference shares	14,580	-
Ordinary shares	-	114,724
	<u>14,580</u>	<u>135,587</u>

**5 FIXED ASSET INVESTMENTS**

	<u>Subsidiary companies</u> <u>£000</u>
<b>COST</b>	
At 31 December 2002 and 31 December 2003	<u>890,016</u>
<b>PROVISION</b>	
At 31 December 2002 and 31 December 2003	<u>11,610</u>
<b>NET BOOK VALUE</b>	
At 31 December 2002 and 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 2003 is as follows:

<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	40.6%

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.

**PIONEER INTERNATIONAL GROUP HOLDINGS LIMITED**

**NOTES TO THE ACCOUNTS – 31 DECEMBER 2003**

**6 DEBTORS**

	<u>2003</u> <u>£000</u>	<u>2002</u> <u>£000</u>
Amounts owed from group undertakings	152,337	154,864

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>2003</u> <u>£000</u>	<u>2002</u> <u>£000</u>
Amounts owed to group undertakings	128,461	121,335
Other creditors	-	88
	<u>128,461</u>	<u>121,423</u>

**8 SHARE CAPITAL**

	<u>2003</u> <u>£000</u>	<u>2002</u> <u>£000</u>
<b>Authorised</b>		
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>
<b>Allotted, called up and fully paid</b>		
<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 (2002 317,000,000) 'D' redeemable		
preference shares of AUS\$1 each	120,709	116,544
	<u>128,477</u>	<u>124,312</u>

**NOTES TO THE ACCOUNTS – 31 DECEMBER 2003**

**8 SHARE CAPITAL (continued)**

During the year 10,221,750 'D' redeemable preference shares of AUD\$1 each were issued at par, and one 'D' redeemable preference share was issued at a premium of AUD\$ 0.85.

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.

**'D' redeemable preference shares of AUS\$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

**PIONEER INTERNATIONAL GROUP HOLDINGS LIMITED**

**NOTES TO THE ACCOUNTS – 31 DECEMBER 2003**

**8 CALLED-UP SHARE CAPITAL (continued)**

- 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 RESERVES**

	<u>Share capital £000</u>	<u>Share premium £000</u>	<u>Profit &amp; loss account £000</u>	<u>Total £000</u>
Balance at 31 December 2001	108,628	744,476	191,343	1,044,447
Shares issued	116,544	-	-	116,544
Shares redeemed	(100,860)	-	-	(100,860)
Retained loss for the year	-	-	(146,523)	(146,523)
Balance at 31 December 2002	124,312	744,476	44,820	913,608
Shares issued	4,165	-	-	4,165
Retained loss for the year	-	-	(13,799)	(13,799)
Balance at 31 December 2003	128,477	744,476	31,021	903,974

**10 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	<u>2003 £000</u>	<u>2002 £000</u>
Profit/(loss) for the year	781	(10,936)
Dividends	(14,580)	(135,587)
New share capital subscribed	4,165	116,544
Redemption of preference share capital	-	(100,860)
Increase in cumulative dividends not declared	-	(5,538)
Increase in non-equity shareholders' funds	-	5,538
	(9,634)	(130,839)
Opening shareholders' funds	913,608	1,044,447
Closing shareholders' funds	903,974	913,608

**NOTES TO THE ACCOUNTS – 31 DECEMBER 2003**

**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.