

Pioneer International Group Holdings
Limited

Accounts 30 June 1997
together with directors' and auditors' reports

Registered number: 02902926



Directors' report

For the year ended 30 June 1997

The directors present their annual report and accounts for the year ended 30 June 1997.

Principal activities

The principal activities of the group continue 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 B.V., a Dutch sub-holding company having investments in Spain, Germany, Israel, Holland and the Czech Republic.

All countries are actively seeking expansionary opportunities, with acquisitions being imminent in Israel and the Czech Republic. The company has also absorbed the business of a fellow subsidiary during the year, and has provided management services to its subsidiaries.

Results and dividends

The group profit for the year ended 30 June 1997, after taxation and minority interest was £18.9 million (1996 - £26.2 million).

The directors have recommended an interim dividend of £18,951,928 (1996 - £nil).

Directors

The directors of the company during the year were:

N.J. Nolan	(resigned 4 April 1997)
B.J. Manning	(resigned 4 April 1997)
T.B.M. Holcroft	(resigned 30 January 1998)
R.G. Elstone	
N. Swift	(appointed 4 April 1997)
J. Marlay	(appointed 1 August 1997)

None of the directors had at 30 June 1997 or during the period under review a notifiable interest in the shares of the company, its parent companies or subsidiary undertakings.

Directors' report (continued)

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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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.

Employees and employment of disabled persons

The directors are committed to ensuring that all employees feel themselves 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 contributions

No donations were made in the UK (1996 - £nil).

Suppliers payment policy

Our strategy is to have mutually beneficial long term relationships with our suppliers. The group's policy is to agree the terms of payment with suppliers in advance and abide by those terms.

Directors' report (continued)

Auditors

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

By order of the Board,

Pollen House
10-12 Cork Street
London
W1X 1PD

23 April 1998

A handwritten signature in dark ink, appearing to read 'J. White', with a large, stylized initial 'J'.

J.K. White
Secretary

Auditors' report

To the Shareholder of Pioneer International Group Holdings Limited:

We have audited the accounts on pages 5 to 24 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 judgments 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 at 30 June 1997 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

23 April 1998.

Consolidated profit and loss account

For the year ended 30 June 1997

	Notes	1997 £'000	1996 £'000
Turnover	1b&2		
Continuing operations		537,533	570,742
Discontinued operations		-	1,475
Acquisitions		3,129	-
		<hr/> 540,662	<hr/> 572,217
Cost of sales		(397,187)	(422,848)
Gross profit		<hr/> 143,475	<hr/> 149,369
Other operating expenses		(38,084)	(45,418)
Administrative and other costs		<hr/> (75,577)	<hr/> (59,153)
Operating profit			
Continuing operations		28,801	44,648
Discontinued operations		-	150
Acquisitions		1,013	-
		<hr/> 29,814	<hr/> 44,798
Interest payable and similar charges	4	(11,448)	(18,340)
Investment income	3	13,921	19,117
		<hr/>	<hr/>
Profit on ordinary activities before taxation	5	32,287	45,575
Tax on profit on ordinary activities	8	(13,604)	(19,195)
		<hr/>	<hr/>
Profit on ordinary activities after taxation		18,683	26,380
Minority interest (all equity)	19	(9)	(217)
		<hr/>	<hr/>
Profit for the year		18,674	26,163
Dividends		18,952	-
		<hr/>	<hr/>
(Accumulated loss) retained profit for the year	17	(278)	26,163

The movement in reserves is shown in note 17.

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

Consolidated statement of total recognised gains and losses

For the year ended 30 June 1997

	Group 1997 £'000	Group 1996 £'000
(Accumulated loss) retained profit for the financial year	(278)	26,163
(Loss) gain on foreign currency translation	(23,979)	1,967
Goodwill written off on consolidation	(953)	(392)
Total recognised gains and losses relating to the year	(25,210)	27,738

Reconciliation of movements in shareholder's funds

For the year ended 30 June 1997

	Group 1997 £'000	Group 1996 £'000
Total recognised gains and losses relating to year	(25,210)	27,738
New share capital subscribed	704	-
Net (reduction) addition to shareholder's funds	(24,506)	27,738
Opening shareholder's funds	186,655	158,917
Closing shareholder's funds	162,149	186,655

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 1997

	Notes	1997 £'000	1996 £'000
Fixed assets			
Tangible assets	9	179,855	189,310
Investments	10	67,852	84,243
		<u>247,707</u>	<u>273,553</u>
Current assets			
Stocks	11	28,525	27,906
Debtors	12	120,053	129,600
Investments in government treasury stock		514	3,609
Cash at bank and in hand		29,356	28,077
		<u>178,448</u>	<u>189,192</u>
Creditors: Amounts falling due within one year	13	(91,137)	(124,682)
Net current assets		<u>87,311</u>	<u>64,510</u>
Debtors: Amounts falling due after more than one year		<u>1,687</u>	<u>1,539</u>
Total assets less current liabilities		<u>336,705</u>	<u>339,602</u>
Creditors: Amounts falling due after more than one year	14	(167,766)	(141,011)
Provisions for liabilities and charges	15	(5,746)	(10,943)
Net assets		<u>163,193</u>	<u>187,648</u>
Capital and reserves			
Called-up share capital	16	5,313	5,304
Share premium		333,043	332,350
Profit and loss account	17	(176,207)	(150,999)
Shareholder's funds		<u>162,149</u>	<u>186,655</u>
Minority interest	19	<u>1,044</u>	<u>993</u>
Total capital employed		<u>163,193</u>	<u>187,648</u>
Analysis of shareholder's funds			
Equity interests		159,074	183,580
Non-equity interests		3,075	3,075
		<u>162,149</u>	<u>186,655</u>

Approved by the Board and signed on its behalf by:

N. Swift

Director



23 April 1998

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

Company balance sheet

30 June 1997

	Notes	1997 £'000	1996 £'000
Fixed assets			
Tangible assets	9	202	-
Investments	10	338,382	337,654
		<u>338,584</u>	<u>337,654</u>
Current assets			
Debtors	12	656	-
Cash at bank and in hand		239	-
		<u>895</u>	<u>-</u>
Creditors: Amounts falling due within one year	13	(1,119)	-
Net current liabilities		<u>(224)</u>	<u>-</u>
Total assets less current liabilities		<u>338,360</u>	<u>337,654</u>
Net assets		<u>338,360</u>	<u>337,654</u>
Capital and reserves			
Called-up share capital	16	5,313	5,304
Share premium		333,043	332,350
Profit and loss account	17	4	-
Shareholder's funds		<u>338,360</u>	<u>337,654</u>
Analysis of shareholder's funds			
Equity interests		335,285	334,579
Non-equity interests		3,075	3,075
		<u>338,360</u>	<u>337,654</u>

Approved by the Board and signed on its behalf by:

N. Swift

Director



23 April 1998

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

Notes to the accounts

30 June 1997

1 Accounting policies

A summary of the principal group accounting policies, all of which have been applied consistently throughout the year and the preceding period, 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 comprises 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 1997. Prior period comparatives relate to the period 30 June 1996. 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 consideration 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 £4,000 (1996 - £nil).

d) Interests in associated undertakings, other participating interests, and joint ventures

Associated undertakings are entities in which a consolidated member of the group has a participating interest and over whose operating and financial policy it exercises a significant influence. They do not include subsidiary undertakings, quasi-subsidiaries or proportionally consolidated joint ventures. Investments in associated undertakings are dealt with by the equity method of accounting, whereby, the consolidated profit and loss account includes the appropriate share of these companies' profits less losses (based on audited accounts up to 30 June 1997) and the group's share of post-acquisition retained profits and reserves is added to the cost of investment in the consolidated balance sheet. Goodwill included in the acquisition cost of associated undertakings is written off against reserves on acquisition.

Notes to 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 and 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 the assets 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 payable 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 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 the 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 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.

j) *Leases*

Operating lease costs are expensed as incurred.

Notes to accounts (continued)

1 Accounting policies (continued)

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

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 accounts (continued)

2 Segment information

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

Geographical segments:

	United Kingdom 1997 £'000	Rest of Europe 1997 £'000	USA and other 1997 £'000	Group 1997 £'000
Turnover				
Turnover by destination:				
Sales to third parties	<u>496</u>	<u>194,430</u>	<u>345,736</u>	<u>540,662</u>
Turnover by origin:				
Sales to third parties	<u>1,061</u>	<u>194,411</u>	<u>345,190</u>	<u>540,662</u>
Profit before taxation	<u>(28)</u>	<u>25,952</u>	<u>6,561</u>	<u>32,485</u>
Net assets	<u>(93)</u>	<u>118,082</u>	<u>45,114</u>	<u>163,103</u>

3 Investment income

	1997 £'000	1996 £'000
Share of profits of associate undertaking	9,338	7,105
Income from current asset investments	2	708
Interest receivable and similar income	<u>4,581</u>	<u>11,304</u>
	<u>13,921</u>	<u>19,117</u>

4 Interest payable and similar charges

	1997 £'000	1996 £'000
Bank loans and other loans		
- repayable within five years, by instalments	4,425	1,750
- repayable within five years, not by instalments	-	85
- repayable after five years	<u>-</u>	<u>2,624</u>
	4,425	4,459
Interest on loans from group undertakings	6,453	10,780
All other loans and exchange loss	<u>570</u>	<u>3,101</u>
	<u>11,448</u>	<u>18,340</u>

Notes to accounts (continued)

5 Profit on ordinary activities before taxation

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

	1997 £'000	1996 £'000
Depreciation and amounts written off tangible fixed assets		
- owned	22,116	20,473
- held under finance leases and hire purchase contracts	287	287
Amounts written off fixed asset investments	-	318
Operating lease rentals		
- plant and machinery	5,139	4,090
- other	3,728	4,625
Auditors' remuneration		
- audit fees	427	438
- other	194	193
Loss on disposal of fixed assets	1,409	1,989
Staff costs (see note 6)	<u>81,519</u>	<u>81,687</u>

6 Staff costs

	1997 £'000	1996 £'000
Staff costs are split as follows:		
Wages and salaries	64,729	71,282
Social security costs	10,598	10,198
Other pension costs	6,192	207
	<u>81,519</u>	<u>81,687</u>

7 Directors' emoluments and particulars of employees

Directors' emoluments amounted to £151,640 (1996 - £nil).

The average weekly number of persons employed during the year was 3,689 (1996 - 4,179) comprising:

	1997	1996
Operations and production	3,094	3,406
Other activities and administration	595	773
	<u>3,689</u>	<u>4,179</u>

Notes to accounts (continued)

8 Tax on ordinary activities

	1997 £'000	1996 £'000
Deferred taxation	1,135	4,947
Overseas taxation	12,519	13,633
Associated undertaking	-	460
	<u>13,654</u>	<u>19,040</u>
Adjustment in respect of prior year	(50)	155
	<u>13,604</u>	<u>19,195</u>

9 Tangible fixed assets

Group	Freehold land and buildings £'000	Leasehold property and improvements		Plant, equipment and motor vehicles £'000	Other £'000	Total £'000
		Long leases £'000	Short leases £'000			
Cost or valuation						
At 30 June 1996	35,869	21,116	251	98,808	57,366	213,410
Additions	845	970	175	7,458	21,959	31,407
Transfers	583	221	-	13,380	904	15,088
Disposals	(1,850)	(46)	-	(8,668)	(4,818)	(15,382)
Exchange adjustment	(3,518)	(1,911)	(69)	(23,604)	(9,017)	(38,119)
At 30 June 1997	<u>31,929</u>	<u>20,350</u>	<u>357</u>	<u>87,374</u>	<u>66,394</u>	<u>206,404</u>
Amortisation/depreciation						
At 30 June 1996	941	785	60	15,039	7,275	24,100
Charge for the year	644	449	69	15,856	5,385	22,403
Transfers	-	151	-	1,389	4,686	6,226
Disposals	-	(40)	-	(4,872)	(1,782)	(6,694)
Exchange adjustment	(427)	(467)	(51)	(14,532)	(4,009)	(19,486)
At 30 June 1997	<u>1,158</u>	<u>878</u>	<u>78</u>	<u>12,880</u>	<u>11,555</u>	<u>26,549</u>
Net book value						
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>
At 30 June 1996	<u>34,928</u>	<u>20,331</u>	<u>191</u>	<u>83,769</u>	<u>50,091</u>	<u>189,310</u>

Notes to accounts (continued)

9 Tangible fixed assets (continued)

Company	Short leases £'000	Plant, equipment and motor vehicles £'000	Total £'000
Cost or valuation			
At 30 June 1996	-	-	-
Additions	-	78	78
Transfers	267	196	463
Disposals	-	-	-
At 30 June 1997	267	274	541
Amortisation/depreciation			
At 30 June 1996	-	-	-
Charge for the year	8	22	30
Transfers	171	138	309
Disposals	-	-	-
At 30 June 1997	179	160	339
Net book value			
At 30 June 1997	88	114	202
At 30 June 1996	-	-	-

10 Fixed asset investments

	Group		Company	
	1997 £'000	1996 £'000	1997 £'000	1996 £'000
Subsidiary undertakings	-	-	338,382	337,654
Associated undertakings	43,553	23,219	-	-
Other participating interests, investments and loans	24,299	61,024	-	-
	67,852	84,243	338,382	337,654

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.

Notes to accounts (continued)

10 Fixed asset investments (continued)

	Country of incorporation, registration or principal business address	Principal activity
Subsidiary undertakings (all 100% owned†)		
Pioneer International BV*†	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.

† 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.

Associated undertakings

The principal associates of the group, North Texas Cement and Campbell Ready Mix, are directly owned by Pioneer Concrete of America Inc. This investment comprises 50% of the ordinary shares in both entities.

Other participating interests, investments and loans

Other investments and loans is comprised of loans to subsidiary companies.

Notes to accounts (continued)

10 Fixed asset investments (continued)

Group	Shares in associated undertaking £'000	Other participating interests, investments and loans £'000	Total £'000
Cost			
At 30 June 1996	23,219	61,521	84,740
Additions	16,519	1,795	18,314
Share of retained profit for the year	9,338	-	9,338
Distributions	(3,604)	-	(3,604)
Disposals	(148)	(33,417)	(33,565)
Exchange adjustment	(1,771)	(5,096)	(6,867)
At 30 June 1997	<u>43,553</u>	<u>24,803</u>	<u>68,356</u>
Amounts written off			
At 30 June 1996	-	497	497
Written off	-	7	7
Exchange adjustment	-	-	-
At 30 June 1997	<u>-</u>	<u>504</u>	<u>504</u>
Net book value			
At 30 June 1997	<u>43,553</u>	<u>24,299</u>	<u>67,852</u>
At 30 June 1996	<u>23,219</u>	<u>61,024</u>	<u>84,243</u>
Company			Shares in subsidiary undertakings 1997 £'000
Cost at 30 June 1996			337,654
Additions			<u>728</u>
Cost at 30 June 1997			<u>338,382</u>

Notes to accounts (continued)

11 Stocks

	Group	
	1997	1996
	£'000	£'000
Raw materials and consumables	9,248	9,664
Work-in-progress	2,462	2,420
Finished goods and goods for resale	15,729	15,064
Other	1,086	758
	<u>28,525</u>	<u>27,906</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	
	1997	1996
	£'000	£'000
Trade debtors	108,052	115,113
Amounts owed by parent company and fellow subsidiary undertakings	611	25
Amounts owed by associated undertakings	938	-
Other debtors	6,324	8,796
Prepayments and accrued income	3,598	4,764
Overseas tax recoverable	530	902
	<u>120,053</u>	<u>129,600</u>

Amounts falling due within one year:

	Company	
	1997	1996
	£'000	£'000
Amounts owed by fellow subsidiary undertakings	597	-
Other debtors	59	-
	<u>656</u>	<u>-</u>

Notes to accounts (continued)

12 Debtors (continued)

Amounts falling due after more than one year:

	Group	
	1997	1996
	£'000	£'000
Trade debtors	377	734
Other debtors	1,310	805
	<u>1,687</u>	<u>1,539</u>

13 Creditors: Amounts falling due within one year

	Group	
	1997	1996
	£'000	£'000
Bank loans	4,576	23,593
Trade creditors	50,519	56,790
Amounts owed to parent company and fellow subsidiary undertakings	274	2,314
Overseas tax payable	4,674	2,535
Other taxes and social security	2,191	2,020
Accruals and deferred income	18,534	22,351
Other creditors	10,369	15,079
	<u>91,137</u>	<u>124,682</u>

	Company	
	1997	1996
	£'000	£'000
Amounts owed to fellow undertakings	810	-
Corporation tax payable	43	-
Other creditors	266	-
	<u>1,119</u>	<u>-</u>

Notes to accounts (continued)

14 Creditors: Amounts falling due after more than one year

	Group	
	1997	1996
	£'000	£'000
Bank loans		
- payable between 2 and 5 years	39,552	26,301
- payable after 5 years	-	32,179
Amounts owed to parent company and fellow subsidiary undertakings	118,986	70,187
Accruals and deferred income	9,228	12,344
	<u>167,766</u>	<u>141,011</u>

15 Provisions for liabilities and charges

	Group	
	1997	1996
	£'000	£'000
Deferred taxation	3,771	4,792
Other	1,975	6,151
	<u>5,746</u>	<u>10,943</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 1997 (1996 - £nil). There were total unprovided deferred tax assets of £431,000 (1996 - £357,000) comprising primarily balances relating to tax losses.

The movement on deferred taxation comprises:

	Group	
	1997	1996
	£'000	£'000
Beginning of year	4,792	3,347
Charged to profit and loss account	1,135	4,947
Transfer to taxes payable	(2,156)	(3,502)
End of year	<u>3,771</u>	<u>4,792</u>

Notes to accounts (continued)

15 Provisions for liabilities and charges (continued)

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

	Group	
	1997	1996
	£'000	£'000
Beginning of year	6,151	2,304
(Release) charge during year	(109)	5,134
Utilisation	(4,067)	(1,287)
End of year	<u>1,975</u>	<u>6,151</u>

16 Called-up share capital

	1997	1996
	£'000	£'000
<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
	<u>678,552</u>	<u>678,552</u>
<i>Allotted, called up and fully paid</i>		
<i>Equity shares</i>		
2 Ordinary shares of £1 each	-	-
5,020,004 (1996 - 5,000,000) Ordinary shares of Aus \$1 each	2,238	2,229
	<u>2,238</u>	<u>2,229</u>
<i>Non-equity shares</i>		
6,900,000 'A' redeemable preference shares of Aus \$1 each	3,075	3,075
	<u>5,313</u>	<u>5,304</u>

On 30 November 1996 20,000 ordinary shares of AUS \$1 each were allotted in consideration for the purchase of a subsidiary undertaking Pioneer International Management Services Limited.

Notes to accounts (continued)

17 Reserves

Group	Share premium £'000	Profit and loss account £'000	Total £'000
Balance at 30 June 1996	332,350	(150,999)	181,351
Shares issued	693	-	693
Loss on foreign currency translation	-	(23,977)	(23,977)
Goodwill written off on consolidation	-	(953)	(953)
Accumulated loss for the year	-	(278)	(278)
Balance at 30 June 1997	<u>333,043</u>	<u>(176,207)</u>	<u>156,836</u>

Company	Profit and loss account £'000
Balance at 30 June 1996	-
Retained profit for the year	4
Balance at 30 June 1997	<u>4</u>

18 Acquisitions

During the year the group acquired 100% of the equity share capital of AGKV Chbany, a company incorporated in the Czech Republic, and 100% of the equity share capital of Hamegares (1964) Ltd, a company incorporated in Israel. Both companies principal activity is that of building materials. The fair value of the net assets acquired is shown below:

	Book value £'000	Revaluation £'000	Fair value £'000
Tangible fixed assets	243	8,619	8,862
Debtors	1,769	-	1,769
Cash	16	-	16
Total assets	<u>2,028</u>	<u>8,619</u>	<u>10,647</u>
Bank loans	(1,172)	-	(1,172)
Trade creditors	(350)	-	(350)
Other creditors	(296)	-	(296)
Other provisions	(88)	-	(88)
Total liabilities	<u>(1,906)</u>	<u>-</u>	<u>(1,906)</u>
Net assets	<u>122</u>	<u>8,619</u>	<u>8,741</u>
Goodwill			953
			<u>9,694</u>

Notes to accounts (continued)

18 Acquisitions (continued)

Consideration

Cash	5,075
Cash payments on account made in 1996	4,619
	<u>9,694</u>

The goodwill of £953,000 has been written off against reserves.

19 Minority interests (all equity)

	1997 £'000	1996 £'000
Beginning of year	(993)	(869)
Adjustment relating to prior periods	(42)	(392)
Profit on ordinary activities after taxation	(9)	(217)
Dividends paid and proposed	-	485
End of year	<u>(1,044)</u>	<u>(993)</u>

20 Guarantees and other financial commitments

a) Capital commitments

At the end of the year, capital commitments were:

	1997 £'000	1996 £'000
Contracted but not provided for	826	193
Authorised but not contracted for	2,622	2,177
	<u>3,448</u>	<u>2,370</u>

Notes to accounts (continued)

20 Guarantees and other financial commitments (continued)

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

	1996		1997	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Group				
Expiry date:				
- within one year	4,242	553	1,493	2,429
- between two and five years	9,824	914	4,284	3,632
- after five years	4,336	-	2,939	153
	<u>18,402</u>	<u>1,467</u>	<u>8,716</u>	<u>6,214</u>

21 Related party transactions

As a subsidiary undertaking 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 the 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.

23 Post balance sheet event

On 13 August 1997 the company increased its authorised share capital by creating \$1,000,000,000 US\$1 Class C Redeemable Preference Shares.

On 14 August 1997 the company:

- allotted 150,000,000 Class C Redeemable Preference Shares of US\$1 at par value; and
- subscribed for 1,600 common shares of US\$100 each of Pioneer Concrete of America, Inc., a fellow group undertaking, for a total cash consideration of US\$40,000,000; and
- subscribed for one Series A Preferred share of \$100 of P.C. Investments, Inc., a fellow group undertaking, at par value of US\$100; and
- subscribed for 11,000 Series B Preferred shares of \$10,000 of P.C. Investments, Inc., a fellow group undertaking, at par value of \$10,000.