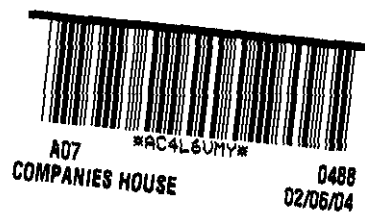


BCC PIPE LIMITED

Company Registration Number : 3109247

DIRECTORS' REPORT AND FINANCIAL STATEMENTS Year Ended 31 December 2003



BCC PIPE LIMITED

REPORT OF THE DIRECTORS

The directors submit their report and the financial statements for the year ended 31 December 2003.

REVIEW OF PERIOD'S ACTIVITIES

During the year the company did not trade but continued to dispose of saleable assets.

RESULTS AND DIVIDENDS

The result for the year was a profit after taxation of £K1,124 (2002: £K738). The profit and loss account is shown on page 4.

The directors recommend a final dividend of £Nil (2002: £NIL).
The resulting profit has been transferred to reserves.

POLICY OF PAYMENT OF CREDITORS

It is the company's policy to settle the terms of payment with suppliers when agreeing the terms of each agreement; to ensure that suppliers are made aware of the terms of payment and to abide by the terms of payment. Outstanding creditor days at 31 December 2003 were 30 (31 December 2002: 30).

DIRECTORS AND INTERESTS IN SHARES

The names of the present directors are:

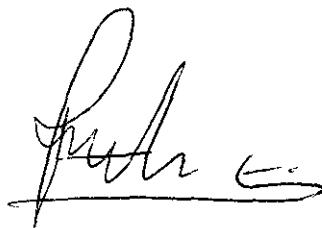
E Chartier
J P Hubbard

None of the directors had a material interest in any contract to which the Group was a party.

The Company is exempt from disclosing interests (if any) of the Directors and their families in the share capital of the ultimate parent company by virtue of the Companies (Disclosure of Directors Interests) (Exemptions) Regulations 1985 (SI 1985 no 802).

BY ORDER OF THE BOARD

22 April 2004



P E MOORE
Secretary

Registered Office:
Lows Lane
Stanton-by-Dale
Ilkeston
Derbyshire
DE7 4QU

BCC PIPE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit and loss of the company 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 financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company 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 to enable them to ensure that the financial statements 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BCC PIPE LIMITED

We have audited the financial statements which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

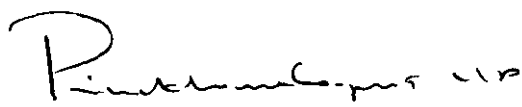
Basis of opinion

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 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 to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs 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.



PricewaterhouseCoopers LLP

22 April 2004

Chartered Accountants
and Registered Auditors
East Midlands

BCC PIPE LIMITED

PROFIT AND LOSS ACCOUNT

Year Ended 31 December 2003

| | Notes | Year ended 31/12/03 £'000 | Year ended 31/12/02 £'000 |
|--|-------|---------------------------------|---------------------------------|
| TURNOVER | 1 | - | - |
| OPERATING LOSS | 2 | (8) | (33) |
| Interest receivable | 4 | 8 | 33 |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | - | - |
| Taxation | 5 | 1,124 | 738 |
| PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION | | 1,124 | 738 |
| RETAINED PROFIT FOR THE FINANCIAL PERIOD | 13 | 1,124 | 738 |

The notes on pages 8 to 13 form part of these accounts.

There is no material difference between profit reported above and its historical cost equivalent.

All results arise from discontinued operations.

No other gains or losses have occurred other than those included above, and hence no statement of total recognised gains and losses has been presented.

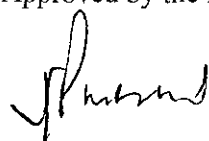
BCC PIPE LIMITED

BALANCE SHEET

31 December 2003

| | Notes | 31/12/03 £'000 | 31/12/02 £'000 |
|--|-------|-------------------|-------------------|
| FIXED ASSETS | | | |
| Tangible assets | 6 | - | - |
| Investments | 7 | 3,500 | 3,500 |
| CURRENT ASSETS | | | |
| Debtors: amounts falling due within one year | 8 | 268 | 3,395 |
| Cash at bank and in hand | | 1,354 | - |
| | | <u>1,622</u> | <u>3,395</u> |
| CREDITORS | | | |
| Amounts falling due within one year | 9 | (19,883) | (19,077) |
| NET CURRENT LIABILITIES | | <u>(18,261)</u> | <u>(15,682)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>(14,761)</u> | <u>(12,182)</u> |
| PROVISION FOR LIABILITIES AND CHARGES | 10 | (428) | (4,131) |
| NET LIABILITIES | | <u>(15,189)</u> | <u>(16,313)</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 11 | 11,241 | 11,241 |
| Profit and loss account | 13 | (26,430) | (27,554) |
| EQUITY SHAREHOLDER DEFICIT | 13 | <u>(15,189)</u> | <u>(16,313)</u> |

Approved by the Board on 22 April 2004.



J P HUBBARD
Director

BCC PIPE LIMITED

ACCOUNTING POLICIES

Basis of preparation of the accounts

The financial statements present information about the Company as an individual undertaking and not about its group, as explained in Note 19.

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

Going concern

The company has received an undertaking from the intermediary parent company, Saint-Gobain Pipelines Plc, that it shall meet the company's liabilities as long as the company remains a subsidiary of Compagnie de Saint-Gobain. On this basis the directors have prepared the financial statements on a going concern basis.

Depreciation of fixed assets

Plant and equipment are depreciated on a straight-line basis over their estimated lives from 2 to 12 years to a notional residual value.

Fixtures and fittings are depreciated on a straight-line basis over their estimated lives from 3 to 5 years to a notional residual value.

Leases

Rentals under operating leases are charged to the profit and loss account, as incurred, over the terms of the leases.

Pension costs

The company participated in a defined benefit scheme at the parent company Saint-Gobain Pipelines Plc.

The expected cost of pensions in respect of the defined pension scheme is charged to the profit and loss account. Variations from regular cost are assessed annually by the actuary and are spread over the expected remaining service lives of current employees in the scheme. Contributions to the scheme and regular costs are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

Foreign currencies

Assets, liabilities, profits and losses in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Costs and revenues payable or receivable in foreign currencies and included in forecasts of contract outcome are translated using current exchange rates. Gains and losses from hedging future foreign currency costs and revenues are included in the estimates of contract outcome. Exchange differences on translation of the opening net assets of overseas operations at the rates ruling at the balance sheet date are taken directly to reserves. Exchange differences from the translation of long term foreign currency finance are also taken to reserves. Other exchange differences arising in the ordinary course of business are included in the profit and loss account. Remittances from overseas may be subject to local exchange control regulations.

Deferred taxation

With effect from 1 January 2002 the company has implemented the Accounting Standards Board FRS 19 'Deferred Tax'.

Deferred corporation tax is recognised in respect of all temporary timing differences that have originated but not reserved by the balance sheet date. The deferred tax asset is undiscounted.

BCC PIPE LIMITED

NOTES TO FINANCIAL STATEMENTS

(1) Turnover

The turnover has not been analysed by geographical markets as it is the Directors' opinion that this would be seriously prejudicial to the company's interests.

| | Year ended 31/12/03 £'000 | Year ended 31/12/02 £'000 |
|--------------------|------------------------------------|------------------------------------|
| (2) Operating loss | | |

Operating loss represents:

| | | |
|---|------------|-------------|
| Turnover | - | - |
| Changes in stocks of finished goods and work-in-progress | - | - |
| Other external (charges)/credits | (256) | 278 |
| Staff costs | (197) | (418) |
| Exchange differences | - | 12 |
| Profit on disposal of tangible assets previously written off to goodwill | 445 | 95 |
| | <u>(8)</u> | <u>(33)</u> |

Other external charges/(credits) include charges of:

| | | |
|------------------------|----------|-----------|
| Auditors' remuneration | | |
| - audit fees | 6 | 10 |
| - non audit work | 19 | 5 |
| Operating leases: | | |
| - other | - | 10 |
| | <u>-</u> | <u>10</u> |

Staff costs comprise:

| | | |
|-----------------------|------------|------------|
| Wages and salaries | 127 | 357 |
| Social security costs | 12 | 40 |
| Pension costs | 5 | 12 |
| Redundancy | 53 | 9 |
| | <u>197</u> | <u>418</u> |

The average number of employees during the period was as follows:

| | Number | Number |
|----------------|----------|----------|
| United Kingdom | <u>5</u> | <u>6</u> |

(3) Directors' emoluments

No emoluments were paid to the directors during the period (2002: £Nil).

There are no excess retirement benefits in respect of directors or past directors.

The emoluments of directors were paid by the parent company which made no recharge to the company. Mr E Chartier and Mr J P Hubbard are directors of Saint-Gobain Pipelines Plc and a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments in respect of the subsidiaries. Accordingly, the above details include no emoluments in respect of Mr E Chartier and Mr J P Hubbard. Their total emoluments are included in the aggregate of directors' emoluments disclosed in the 2003 financial statements of fellow subsidiaries.

| | Year ended 31/12/03 £'000 | Year ended 31/12/02 £'000 |
|---|------------------------------------|------------------------------------|
| (4) Interest receivable | | |
| Interest receivable: | | |
| Group | 6 | 27 |
| Finance lease | - | 6 |
| Bank | 2 | - |
| | <u>8</u> | <u>33</u> |
| Interest receivable | <u>8</u> | <u>33</u> |
| (5) a) Taxation | £'000 | £'000 |
| Current year | - | - |
| Corporation tax based on the result for the year at 30% (2002: 30%) – prior year | 1,124 | 2,000 |
| Deferred tax | - | (1,262) |
| | <u>1,124</u> | <u>738</u> |

No proof of tax has been presented as the only reconciling item is in relation to a prior year over-provision.

| | | |
|-------------------------------------|--------------|--------------|
| b) Deferred taxation | £'000 | £'000 |
| Asset brought forward | - | 1,262 |
| Released to profit and loss account | - | (1,262) |
| | <u>-</u> | <u>-</u> |
| Asset at 31 December 2003 | <u>-</u> | <u>-</u> |

(6) Fixed assets – tangible

| | |
|--|---|
| | <u>Plant and equipment</u> £'000 |
| Cost: | |
| Balance at 31 December 2002 | 9,421 |
| Disposals | (9,273) |
| | <hr/> |
| Balance at 31 December 2003 | 148 |
| | <hr/> |
| Accumulated Depreciation: | |
| Balance at 31 December 2002 | 9,421 |
| Disposals | (9,273) |
| | <hr/> |
| Balance at 31 December 2003 | 148 |
| | <hr/> |
| Net book amount at 31 December 2003 | - |
| | <hr/> |
| Net book amount at 31 December 2002 | - |
| | <hr/> |

| | | |
|-------------------------|--|--|
| | Year ended 31/12/03 £'000 | Year ended 31/12/02 £'000 |
| (7) Fixed assets | | |

Fixed asset investments consist of:

| | | |
|-------------------------------|--------------|--------------|
| Shares in Group Undertakings: | <u>3,500</u> | <u>3,500</u> |
|-------------------------------|--------------|--------------|

The company directly holds 100% ordinary share capital in the following group undertaking.

| Name of company | Country of registration and place of business | Nature of business |
|-----------------------------|--|---------------------------|
| BCC Industries (UK) Limited | England and Wales | Dormant |

| | Year ended 31/12/03 | Year ended 31/12/02 |
|---|---------------------------|---------------------------|
| (8) Debtors: amounts falling due within one year | £'000 | £'000 |
| Trade debtors | 54 | 26 |
| Amounts owed by group undertakings | 197 | 3,033 |
| Other debtors | - | 21 |
| Prepayments and accrued income | 17 | 315 |
| | <u>268</u> | <u>3,395</u> |

Amounts owed by group undertakings have no fixed date of repayment.

| | | |
|---|---------------|---------------|
| (9) Creditors: amounts falling due within one year | £'000 | £'000 |
| Bank loans and overdrafts | - | 78 |
| Trade creditors | 105 | 20 |
| Amounts owed to group undertakings | 19,722 | 18,640 |
| Accruals and deferred income | 56 | 339 |
| | <u>19,883</u> | <u>19,077</u> |

Amounts owed to group undertakings have no fixed date of repayment.

(10) **Provisions for liabilities and charges:**

| | Brought forward 31/12/02 £'000 | Profit & loss account £'000 | Utilised £'000 | Carried forward 31/12/03 £'000 |
|-----------------------------|---|--------------------------------------|-------------------|---|
| Redundancy provision | 56 | (3) | (53) | - |
| Provision for closure costs | 4,075 | 10 | (3,657) | 428 |
| | <u>4,131</u> | <u>7</u> | <u>(3,710)</u> | <u>428</u> |

The provision for closure cost is expected to be utilised during the next three years. Provisions are not discounted.

| | Year ended 31/12/03 £'000 | Year ended 31/12/02 £'000 |
|--|------------------------------------|------------------------------------|
| (11) Called up share capital | | |
| Authorised 95,000,000 ordinary shares of £1 each | 95,000 | 95,000 |
| Allotted and fully paid 11,241,000 ordinary shares of £1 each | 11,241 | 11,241 |

| | | |
|--|--------------|--------------|
| (12) Reconciliation of movements in shareholders' funds | £'000 | £'000 |
| Profit for the financial year | 1,124 | 738 |
| Opening shareholders' funds | (16,313) | (17,051) |
| Closing shareholders' funds | (15,189) | (16,313) |

(13) Statement of movement on reserves

| | Share Capital £'000 | Profit and Loss Account £'000 | Total £'000 |
|------------------------------|---------------------------|--|----------------|
| At the beginning of the year | 11,241 | (27,554) | (16,313) |
| Profit for the year | - | 1,124 | 1,124 |
| At end of year | 11,241 | (26,430) | (15,189) |

| | Year ended 31/12/03 £'000 | Year ended 31/12/02 £'000 |
|--|--|--|
| (14) Annual commitment under operating leases | | |
| Operating leases which expire within one year | - | - |

(15) Contingent liabilities

- (a) Under guarantees of certain of the Group's overdraft facilities and other creditors amounting to £13.7M (2002: £18.74M).
- (b) Under immediate and guarantees to banks and underwriters for contract bonds in the normal course of business amounting to £1.7M (2002: £0.08M).
- (c) No valuable security has been given by the company.

(16) Pension commitments

Details of the Saint-Gobain Pipelines Plc defined benefit scheme and disclosure under FRS17 transitional rules, are given in the financial statements of Saint-Gobain Pipelines Plc. The most recent actuarial valuation was at 5 April 2001 and showed that the actuarial value of assets was sufficient to cover 116.0% of the value of benefits. Contributions to the scheme for the year ended 31 December 2003 amounted to £4,963.

Effective from 1 June 2002 the parent company closed the defined benefit scheme to new members. Benefits for existing members continue exactly as before. Retirement benefits for new members effective 1 June 2002 are provided by a defined contribution scheme that is funded by Saint-Gobain Pipelines Plc and employees.

(17) Related party transactions

Advantage has been taken of the exemption given in FRS 8 to wholly owned subsidiaries, not to provide details of transactions and balances with other group members of the Saint-Gobain group and shareholders of Saint-Gobain.

(18) Ultimate parent company and controlling party

BCC Pipe Limited is wholly owned by BCC (Coney Green) Limited which is registered in England & Wales and a wholly owned subsidiary of Saint-Gobain Pipelines Plc.

The company's ultimate parent undertaking and controlling party is Compagnie de Saint-Gobain, which produces group financial statements including the results of the company, and the company is therefore exempt from the obligation to prepare and deliver financial statements. The financial statements produced by Compagnie de Saint-Gobain include a group cashflow statement and, therefore, a cashflow statement is not required to be shown by this company. Copies of the accounts of Compagnie de Saint-Gobain may be obtained from the Company Secretary, Les Miroirs, 18 Avenue d'Alsace, 92096 Paris La Defense, France.