

HANSON HOLDINGS (2) LIMITED

DIRECTORS' REPORT AND ACCOUNTS

IN RESPECT OF THE YEAR ENDED

31 DECEMBER 2001



HANSON HOLDINGS (2) LIMITED

DIRECTORS' REPORT

Directors: G Dransfield
K J Ludlam
J R Read

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 2001.

PRINCIPAL ACTIVITY

The principal activity of the company is that of an investment holding company.

RESULTS AND DIVIDENDS

The loss for the year amounted to £329,000,000. The directors do not recommend the payment of a dividend for the year.

DIRECTORS

The directors shown at the head of this report are currently in office and served throughout the year.

DIRECTORS' INTERESTS

None of the directors had any declarable interests in the share or loan capital of the company during the year under review.

The shareholding and related interest in Hanson PLC of G Dransfield is disclosed in the Hanson PLC accounts for the year ended 31 December 2001. The interests of K J Ludlam and J R Read in Hanson PLC are disclosed in the accounts of Houserate Ltd for the year ended 31 December 2001.

ANNUAL GENERAL MEETING

Pursuant to the Elective Resolution passed on 18 December 1996 the company has dispensed with the need to hold Annual General Meetings. Any member of the company is entitled to require the laying of the accounts before a general meeting on giving due notice to that effect in accordance with S253 of the Companies Act 1985.

HANSON HOLDINGS (2) LIMITED

DIRECTORS' REPORT

AUDITORS

On 28 June 2001, Ernst & Young, the company's auditors, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001.

Ernst & Young LLP will be re-appointed as the company's auditor in accordance with the elective resolution passed by the company in accordance with S386 of the Companies Act 1985.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

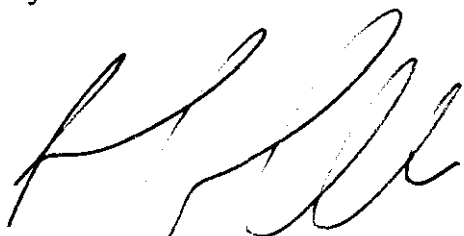
Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that year. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- 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

19 December 2002

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HANSON HOLDINGS (2) LIMITED

We have audited the company's financial statements for the year ended 31 December 2001 which comprise the profit and loss account, statement of total recognised gains and losses, balance sheet and the related notes 1 to 7. These financial statements have been prepared on the basis of the accounting policies set out therein.

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.

This report has been prepared for the members of the company pursuant to S235 of the Companies Act 1985 and for no other purpose.

No person is entitled to rely on this report unless such person:

- i) is a person who is entitled to rely on this report by virtue of and for the purposes of the Act;
or
- ii) has been expressly authorised to do so by our prior written consent.

Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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
HANSON HOLDINGS (2) LIMITED (CONTINUED)**

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 2001 and of the loss 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
19 December 2002

HANSON HOLDINGS (2) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2001

	<u>Note</u>	<u>2001</u> <u>£</u>	<u>2000</u> <u>£</u>
Other operating expenditure	3	<u>(329,000,000)</u>	<u>(48,757,109)</u>
LOSS BEFORE TAXATION		(329,000,000)	(48,757,109)
Taxation	2	-	-
LOSS FOR THE YEAR		<u><u>(329,000,000)</u></u>	<u><u>(48,757,109)</u></u>

Movements on reserves are set out in note 6.

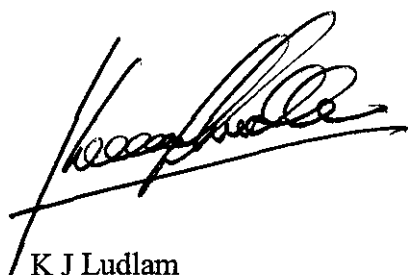
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There is a total recognised loss of £329,000,000 in the year ended 31 December 2001 (loss of £48,757,109 in the year ended 31 December 2000).

HANSON HOLDINGS (2) LIMITED**BALANCE SHEET AT 31 DECEMBER 2001**

	<u>Note</u>	<u>2001</u> <u>£</u>	<u>2000</u> <u>£</u>
FIXED ASSETS			
Investments in subsidiary undertakings	4	974,668,065	1,303,668,065
CURRENT ASSETS			
Amount due from fellow subsidiary undertakings		2,240,218,586	2,240,218,586
CURRENT LIABILITIES			
Amount due to fellow subsidiary undertakings		<u>2,913,461,997</u>	<u>2,913,461,997</u>
NET CURRENT (LIABILITIES)		<u>(673,243,411)</u>	<u>(673,243,411)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>301,424,654</u>	<u>630,424,654</u>
CAPITAL AND RESERVES			
Called up equity share capital	5	265,307	265,307
Share premium account		662,782,924	662,782,924
Profit and loss account		<u>(361,623,577)</u>	<u>(32,623,577)</u>
EQUITY SHAREHOLDERS' FUNDS	6	<u>301,424,654</u>	<u>630,424,654</u>

Approved by the Board of Directors
19 December 2002



K J Ludlam
Director

HANSON HOLDINGS (2) LIMITED

NOTES TO THE ACCOUNTS – 31 DECEMBER 2001

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**

Fixed asset investments are stated at cost, except where it required to make a provision for diminution in value

2 TAXATION

There is no taxation on the result for the year.

3 OTHER OPERATING EXPENSES

This is stated after charging:

	<u>2001</u> £	<u>2000</u> £
Auditors' remuneration	-	-
Directors' remuneration	-	-
Provision for diminution on value of fixed asset investment	<u>(329,000,000)</u> <u>(329,000,000)</u>	<u>-</u> <u>-</u>

4 FIXED ASSET INVESTMENT

Shares in group undertakings at cost

	£
At 31 December 2000	1,506,875,338
Provision:	
At 31 December 2000	203,207,273
Charge in the year	<u>329,000,000</u>
At 31 December 2001	532,207,273
Net book value:	
At 31 December 2001	974,668,065
At 31 December 2000	<u>1,303,668,065</u>

HANSON HOLDINGS (2) LIMITED

NOTES TO THE ACCOUNTS – 31 DECEMBER 2001

4 FIXED ASSET INVESTMENT Continued

The principal subsidiaries of the company are:-

Visionfocus Limited	Incorporated on the UK	100%
CGF Pty Limited	Incorporated in Australia	76%
CGF Netherlands BV	Incorporated in the Netherlands	99.98%

The company is a wholly-owned subsidiary of a body incorporated in the European Union and advantage has been taken of S228 of the Companies Act 1985 in that consolidated accounts have not been prepared. 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 stated in the balance sheet.

5 SHARE CAPITAL

	<u>Authorised</u>	<u>Allotted, called up and fully paid</u>
	<u>£</u>	<u>£</u>
At 31 December 2000 and 2001		
£1 shares – 'A' ordinary	75,000	66,305
'B' ordinary	225,000	199,002
	<u>300,000</u>	<u>265,307</u>

The voting dividend and distribution rights are in the proportion 9,999.97332:1 for each "A" and "B" share respectively.

6 RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	<u>2001</u>	<u>2000</u>
	<u>£</u>	<u>£</u>
Loss for the year	(329,000,000)	(48,757,109)
Net reduction in shareholders funds	<u>(329,000,000)</u>	<u>(48,757,109)</u>
Opening equity shareholders funds	630,424,654	679,181,763
Closing equity shareholders funds	<u>301,424,654</u>	<u>630,424,654</u>

7 GROUP ACCOUNTS

The immediate parent undertaking of Hanson Holdings (2) Limited is Beforebeam Limited, a company registered in England and Wales and the ultimate parent undertaking is Hanson PLC, a company registered in England and Wales. The largest group preparing consolidated group accounts which include Hanson Holdings (2) Limited is Hanson PLC and the smallest group preparing consolidated group accounts is Houserate Limited, a company registered in England and Wales.

Copies of the accounts of Hanson PLC and Houserate Limited 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.