

TARMAC GROUP LIMITED

Report and Financial Statements

31 December 2003



TARMAC GROUP LIMITED

REPORT AND FINANCIAL STATEMENTS 2003

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TARMAC GROUP LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2003.

PRINCIPAL ACTIVITIES

The principal activity of the company is that of a holding company.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

From the start of the period the company has concentrated on being a holding company only and no longer provides management services to its group undertakings. It has therefore received no income and has not incurred any expenses in the period.

RESULTS AND DIVIDENDS

There was no profit or loss after taxation for the year (2002 - £2,000 loss) and accordingly the directors do not recommend payment of a dividend for the year.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year are as follows:

J F Bowater	(resigned 3 February 2004)
D C Cather	
J M Evans	(resigned 31 December 2003)
F K J Jackson	
A W Lea	
R S Robertson	
A J Trahar	
P G Whitcutt	

No director who held office at the end of the year had any interest in the loan or share capital of Tarmac Group Limited.

The interests of directors in the share capital of Anglo American plc, the company's ultimate parent company, are given in the accounts of the following companies:

A W Lea and A J Trahar	-	Anglo American plc
D C Cather, F K J Jackson and	-	
R S Robertson	-	Anglo Industrial Minerals Holdings Limited
J F Bowater	-	Tarmac Limited
P G Whitcutt	-	Anglo American Finance (UK) plc

AUDITORS

In accordance with Section 386 of the Companies Act 1985, Deloitte & Touche LLP are deemed to remain in office as auditors under the terms of an Elective Resolution dated 2 December 2002.

Approved by the Board of Directors
and signed on behalf of the Board



G A Wilkinson

Secretary

20 Carlton House Terrace
London
SW1Y 5AN

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 as at the end of the financial year and of the profit or 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:
- whether applicable United Kingdom accounting standards have been followed and
- 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 TARMAC GROUP LIMITED

We have audited the financial statements of Tarmac Group Limited for the year ended 31 December 2003 which comprise the profit and loss account, the balance sheet and the related notes 1 to 14. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 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 United Kingdom legal and regulatory requirements and 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 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 for the above year and consider the implications for our report if we become aware of any apparent misstatements.

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.

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 result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Birmingham

27 October 2004

TARMAC GROUP LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 December 2003

	Note	2003 £000	2002 £000
TURNOVER			
	1	-	585
Administration expenses		-	(588)
OPERATING LOSS AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	-	(3)
Tax on loss on ordinary activities	4	-	1
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		-	(2)
RETAINED LOSS FOR THE YEAR	10	-	(2)

All activities derive from continuing operations.

There are no recognised gains and losses other than as presented in the profit and loss account. Accordingly, no statement of total recognised gains and losses is given.

TARMAC GROUP LIMITED

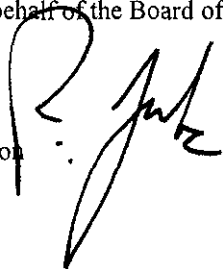
BALANCE SHEET 31 December 2003

	Note	2003 £000	2002 £000
FIXED ASSETS			
Investments	5	511,687	511,687
CURRENT ASSETS			
Debtors	6	<u>1</u>	<u>1</u>
TOTAL ASSETS		511,688	511,688
CREDITORS: amounts falling due after more than one year	7	<u>(317,358)</u>	<u>(317,358)</u>
		<u>194,330</u>	<u>194,330</u>
CAPITAL AND RESERVES			
Called up share capital	9	186,339	186,339
Share premium account	10	7,965	7,965
Profit and loss account	10	<u>26</u>	<u>26</u>
EQUITY SHAREHOLDERS' FUNDS	11	<u>194,330</u>	<u>194,330</u>

These financial statements were approved by the Board of Directors on

Signed on behalf of the Board of Directors

F K J Jackson
Director



25 October 2004

NOTES TO THE ACCOUNTS

Year ended 31 December 2003

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards in the United Kingdom. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Basis of presentation

Consolidated accounts are not prepared because the company is a wholly owned subsidiary of Anglo American plc and its consolidated financial statements are publicly available.

Turnover

For 2002 turnover represents the amounts receivable in the UK, excluding value added tax, for the provision of management services to group undertakings.

Investments

Investments are included at cost, less provision for impairment where appropriate.

Pensions

Regular pension costs for defined benefit schemes are established in accordance with the recommendation of independent actuaries and are charged to the profit and loss accounts based on the expected pension costs over the employees' service lives with the company. Current actuarial surpluses or deficits are spread over the remaining service lives. Contributions to money purchase schemes are charged to the profit and loss account as incurred.

Deferred taxation

Deferred taxation is provided in full on timing differences that result on an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2003 £000	2002 £000
Directors' remuneration		
Remuneration	-	511
Pension costs	-	52
	<u>-</u>	<u>563</u>
Highest paid director		
Emoluments	-	511
	<u>-</u>	<u>511</u>
Accrued pension benefits	-	122
	<u>-</u>	<u>122</u>
	No.	No.
Number of directors included above who are members of defined benefit pension schemes	-	1
	<u>-</u>	<u>1</u>

TARMAC GROUP LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2003

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

	2003 No.	2002 No.
Average number of persons employed		
Administration	-	1
	<u>£000</u>	<u>£000</u>
Staff costs during the year (including directors)		
Wages and salaries	-	511
Social security costs	-	22
Pension costs	-	52
	<u>-</u>	<u>585</u>

3. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2003 £000	2002 £000
Loss on ordinary activities before taxation is after charging:		
Audit fee	-	3

The audit fee for 2003 was borne by Tarmac Limited.

4. TAX ON LOSS ON ORDINARY ACTIVITIES

	2003 £000	2002 £000
Current tax:		
Group relief receivable at 30% (2002: 30%)	-	1
Tax on loss on ordinary activities	<u>-</u>	<u>1</u>

5. FIXED ASSET INVESTMENTS

	Shares £000
Cost and net book value	
At 1 January 2003 and 31 December 2003	<u>511,687</u>

The principal subsidiary of the company which is included within these accounts is shown below:

Name	% Holding	Country of Incorporation	Type of Business
Tarmac Holdings Limited	100%	United Kingdom	Holding company

TARMAC GROUP LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2003

6. DEBTORS

	2003 £000	2002 £000
Group relief receivable	<u>1</u>	<u>1</u>

7. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2003 £000	2002 £000
Amounts owed to group undertakings	<u>317,358</u>	<u>317,358</u>

8. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation

There is no unprovided deferred taxation at 31 December 2003 (2002 - £nil).

9. CALLED UP SHARE CAPITAL

	2003 £000	2002 £000
Authorised		
259,999,998 Ordinary shares of £0.90 each	<u>234,000</u>	<u>234,000</u>
Called up, allotted and fully paid		
207,042,953 Ordinary shares of £0.90 each	<u>186,339</u>	<u>186,339</u>

10. RESERVES

	Share premium account £000	Profit and loss account £000	Total £000
Balance at 1 January 2003 and 31 December 2003	<u>7,965</u>	<u>26</u>	<u>7,991</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 2003

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003 £000	2002 £000
Loss for the financial year	-	(2)
Opening shareholders' funds	194,330	194,332
Closing shareholders' funds	<u>194,330</u>	<u>194,330</u>

12. PENSIONS

The employee of Tarmac Group Limited in 2002 was a member of the Tarmac B Pension Scheme, a funded defined benefit scheme.

Contributions amounting to £nil (2002 - £52,000) were paid during the year. There were no accrued pensions at 31 December 2003 (2002: £nil)

FRS 17

The company has applied the transitional rules of FRS 17 "Retirement Benefits". However, because it is not reasonably practicable to separately identify the company's share of the net assets and liabilities of the Group Scheme, the company accounts for its pension contributions to the Group Scheme on a defined contribution basis, as allowed by FRS 17.

Contributions are paid to the trustees of the Group Scheme on the basis of advice from an independent professionally qualified actuary who carries out a valuation of the Group Scheme every three years. A full actuarial valuation of the Group Scheme was carried out at 31 December 2002 by a qualified actuary.

The recoverable surplus in the Tarmac B Pension Scheme at 31 December 2003 was £6,852,000 (2002: £1,200,000) before deferred taxation.

13. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption allowed to subsidiary companies under Financial Reporting Standard 8 - Related Party Transactions, and therefore transactions with other group companies are not disclosed separately.

14. ULTIMATE PARENT COMPANY

At 31 December 2003, Anglo American plc, a company incorporated in Great Britain was the immediate and ultimate parent company and controlling party. Copies of the financial statements of Anglo American plc can be obtained from 20 Carlton House Terrace, London, SW1Y 5AN.